RESEARCH REPORT

Call Center Operations Recruitments & Opportunities, US

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Call Center Operations, Requirements and Opportunities in the US

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Abstract

Although call centers have already been used by organizations for a number of years, usage of call centers is now diversifying to cover all elements of the customer service value chain:

- Customer assistance to sales support
- Prospect identification to customer care management
- Telemarketing to telesales.

Indeed, call centers help organizations to differentiate their products and services from their competitors, to improve customer service and to create a positive global image in heterogeneous and changing markets. Call centers are key links between organizations and their clients and prospects. Call centers are becoming an essential part of customer care.

At present, 57% of the call center budget is spent on operations. Against this fact, the objectives of this report are to :

- Analyze current user call center operations practices and future requirements
- Evaluate user satisfaction with call center operations
- Detect outsourcing opportunities for vendors
- Estimate call center operations spending patterns and provide market forecasts
- Position vendors within the market.

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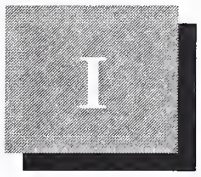

Introduction

A Objectives

The call center services sector is booming since the sector plays a vital role at the heart of the customer relationship. The multiplication of call centers appears to be a consequence of companies recognition of the need to improve their customer service and relations as competition increases. Against this background, usage of call centers is now diversifying to cover all elements of the customer service value chain.

Primarily focused on call collection and transfer, customer technical support, lead generation through telemarketing and telesales, call centers are now managing customer-centric activities whose major objectives are to:

- Minimize churn by means of effective and efficient customer service
- Attract new customers with one-to-one remote information services
- Be customer-friendly by resolving customer questions and problems as quickly as possible
- Anticipate customer needs through provision of proactive services

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- Differentiate products and services from competitors providing best-of-breed customer service
- Enhance the company image.

As a consequence, call center operations are becoming a critical enterprise function regarding the new objectives they have been assigned. Call center information system operations and human resources management are strategic and essential to provide continuous and high-quality call center services. Not surprisingly, organizations are now spending 57% of their call center budget on operational services.

This report monitors the major trends and dynamics which are currently in play in the US call center operations marketplace and which will shape the business of both buyers and vendors in this strategically important area over the coming years.

Indeed, the objectives of this report are to:

- Analyze current user call center operations practices and future requirements
- Detect major call center operations market trends and dynamics
- Evaluate user satisfaction with call center operations
- Analyze user drivers and inhibitors to call center outsourcing
- Estimate user call center operations spending patterns
- Provide market forecasts and identify major issues
- Position vendors within the market.

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B
Scope

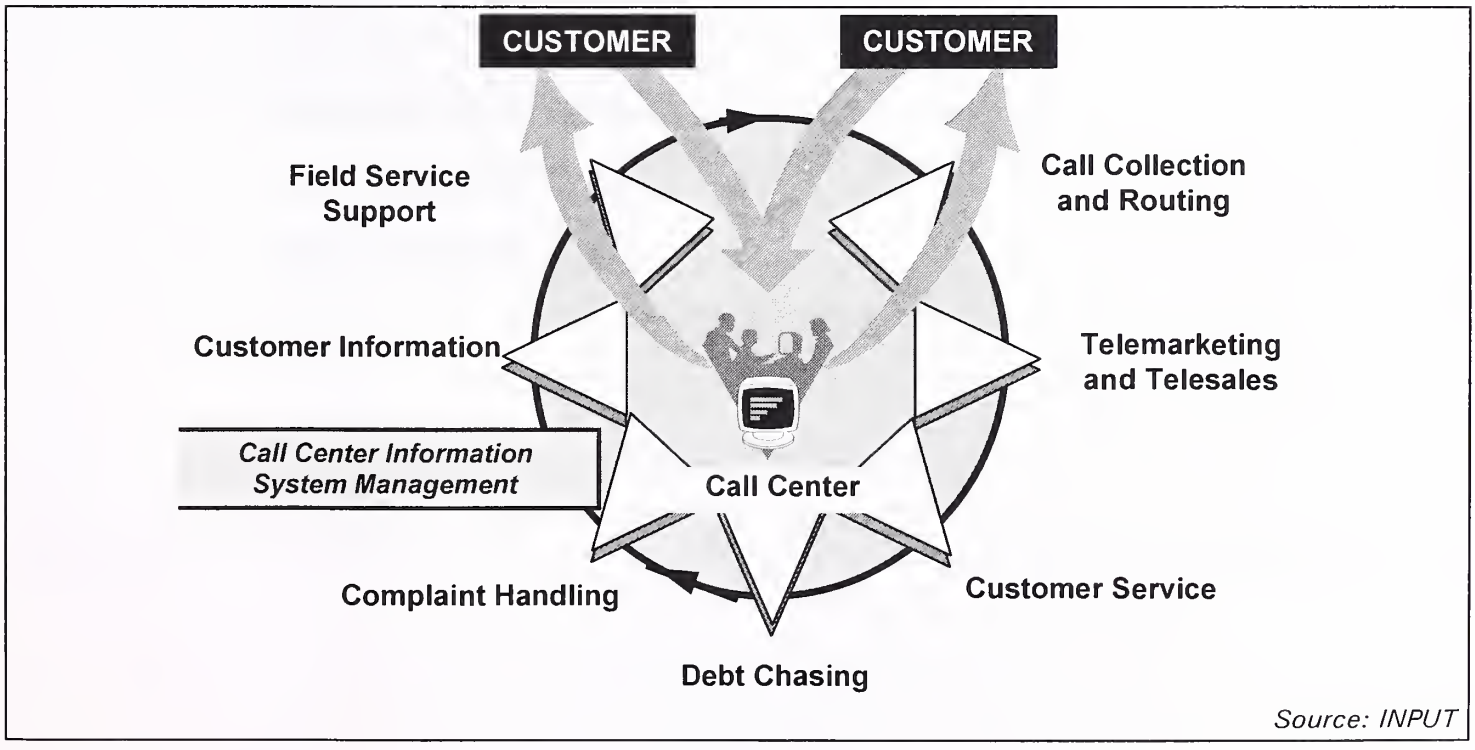
This report covers the US call center operations market. It provides qualitative and quantitative analysis covering all the service types which are described in detail below.

Exhibit I-1 presents the major functions a call center should address:

- Call Collection and Routing covers all functions related to ongoing and outgoing call management from message handling to problem resolution and cascading
- Telemarketing and Telesales include mailing follow up, lead qualification and generation, sales tracking, appointment-setting, market research and customer satisfaction surveys, reservation services
- Customer Service is responsible for customer care processes such as registration, connection, disconnection, customer queries on products and services, customer satisfaction evaluation

Exhibit I-1

Call Centers Major Functions



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- Debt Chasing includes customer billing and statement follow up, authorization, various financial statements such as credit checking, fraud management and all payment processes (cash, checks, bank transfer, electronic payment)

- Complaints Handling is managing all complainant calls on products and services bought by customers

- Customer Information includes all proactive information services provided to customers such as bulletin boards, on-line forums, useful information on products and services and remote consulting services

- Field Service Support concerns internal help-desk and hotline, internal customer service processes handling such as remote technical assistance and support for sales people or channels, and remote training

- Call Center Information System Management covers hardware and software maintenance, IT technical assistance and support, integration of new technologies, telecommunications and information systems operations including network management, application management, application and software development, and processing services. It includes new implementation processes and interfaces handling with other systems such as back office systems. It also analyses new technology usage opportunities such as electronic access or Internet implementation.

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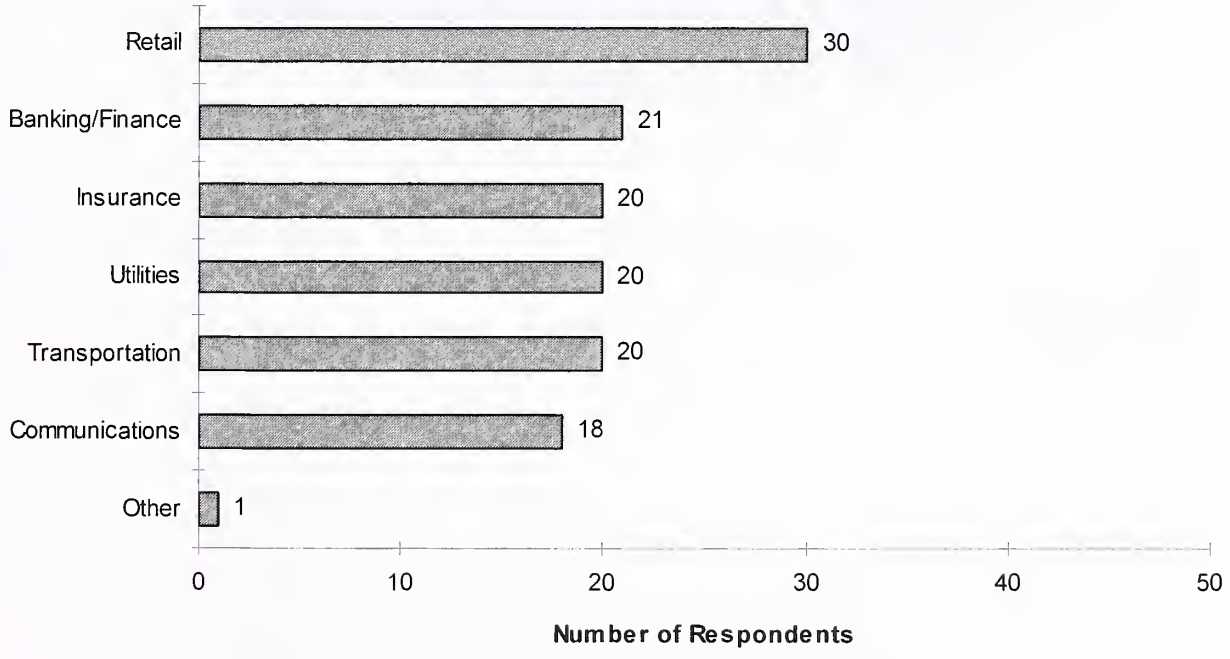
C
Methodology

The research that contributed to this report is derived from the following sources:

- INPUT's continuous tracking and analysis of the computer software and services market and more especially all related research on customer service
- Information supplied by major US call center software and services-vendors in response to a questionnaire
- In-depth telephone interviews with 130 US organizations. Exhibit I-2 shows a breakdown of the sample by major industry sectors.

Exhibit I-2

Sample Breakdown by Major Industry Sectors - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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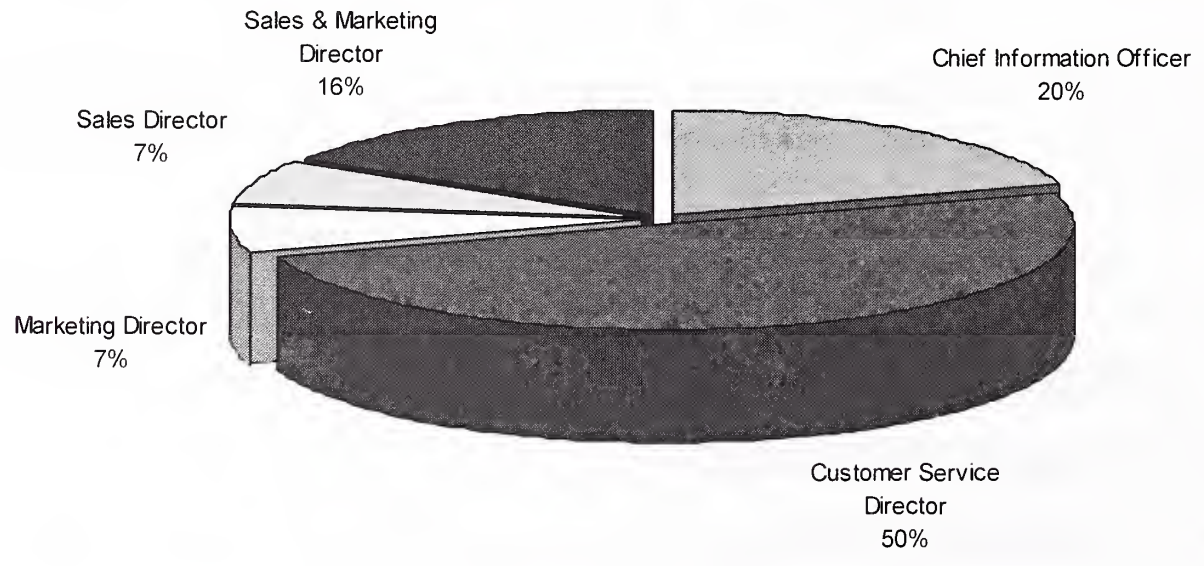
Exhibit I-3 illustrates the breakdown of the sample by major functions interviewed. Interviews were done both with operational managers (Customer Service Managers, Call Centers Managers, Marketing and Sales Managers, etc.) and IT people implicated in the implementation and the day-to-day operation of the call center information system (CIOs, IT managers, Telecommunications Managers, etc.).

Exhibit I-3

Sample Breakdown by Function - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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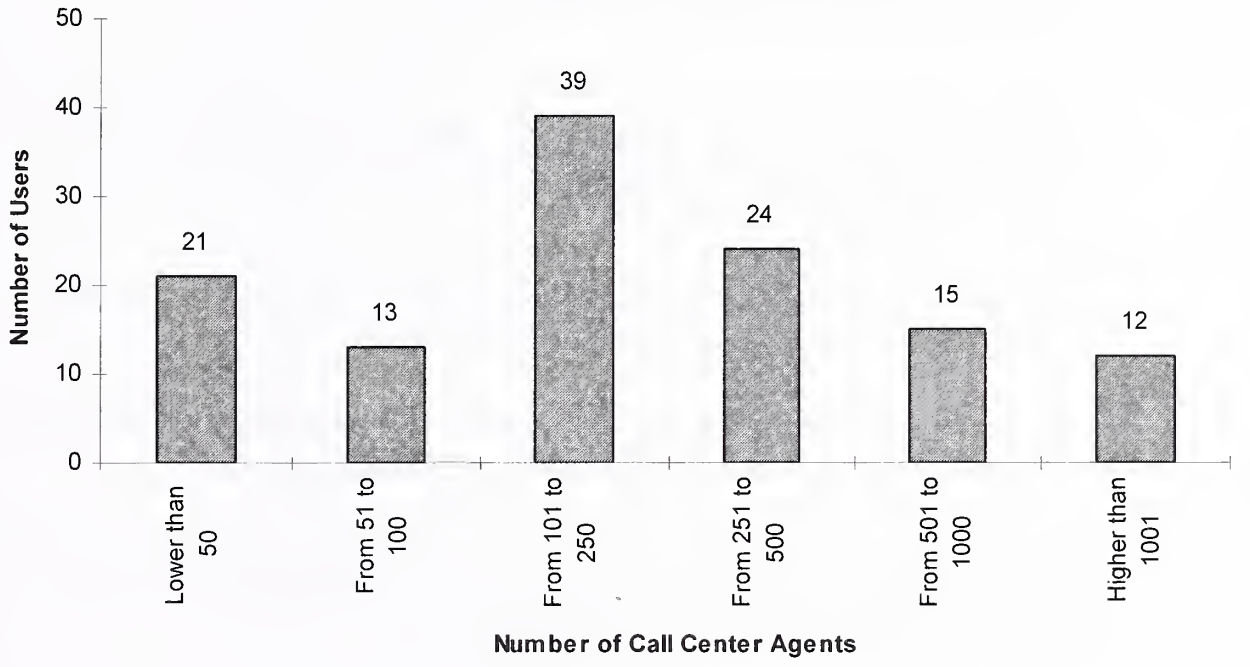
Exhibit I-4 presents a breakdown according to the number of agents within the call center. The US organizations interviewed used a total of 1,100 call centers, nearly half of them belonging to two large US telecommunications operators.

Exhibit I-4

Sample Breakdown by Number of Agents - US, 1997



Sample of 124 US Organizations / 6 Organizations without any Mentions *Source: INPUT*

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D
Report Structure

The report is composed of seven chapters:

Chapter I is the introduction to the survey.

Chapter II provides an Executive Summary which presents the key findings and recommendations of this study.

Chapter III looks at call center market development It provides details of users' call center operations spending patterns and market forecasts. It also discusses the major technologies being developed to support call centers' rapid business growth.

Chapter IV examines the call center operations requirements of US organizations and analyzes their future needs.

Chapter V identifies the major call center functions outsourced, reasons for outsourcing and requirements for external support.

Chapter VI analyses user satisfaction with both internal and external call center operations services. It also gives user evaluations of software products and identifies service enhancements.

Chapter VII evaluates vendor capabilities and vendor selection criteria for external services. It also positions major services vendors within the US call center operations market.

The same market research is also conducted for France, Germany, the UK and Europe.

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E
Related Reports

- IT Services Opportunities in Customer Care and Billing within Telecommunications Providers - Europe, 1996-2000
- Information Systems Outsourcing Market - Europe, 1996-2001
- European Software & Services Market Forecast - Europe, 1996-2001
- Les Enjeux du Help-Desk - France, 1996-2001
  Help-Desk Issues - France, 1996-2001
- Help-Desk Services Opportunities - Europe, 1996

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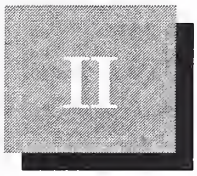

Executive Summary

Although call centers have already been used by organizations for a number of years, usage of call centers is now diversifying to cover all elements of the customer service value chain from:

- Customer assistance to sales channel support
- Prospect identification to customer care management
- Telemarketing to telesales.

Call centers help organizations to differentiate their products and services from their competitors, to improve customer service and to create a positive global image in heterogeneous and changing markets. The call center is the key link between organizations and their clients and prospects.

Against this background, a recent INPUT research reveals that:

- Operational services and telecommunications related costs represent nearly 80% of call center expenditure
- Organizations are most likely to use external vendors for complaint handling activities
- Buyers of call center services should look for flexibility, a strong customer interface and staff competence

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- Deployment of new technologies is in the forefront of call center development
- Organizations developing in-house call centers may require assistance in understanding and integrating new technologies.
- The call center operations market is expected to double by 2002.

A
In-house Operations and Telecommunications Costs Nearly Represent 80% of Call Center Expenditure

Exhibit II-1 shows that organizations are currently spending nearly 80% of their call center budget on operations. These operational expenditures are composed of:

- In-house call center operations including staff costs, human resources recruiting and training expenditure, and information system operational service costs (for example, hardware and software maintenance, environmental services, assistance and support, integration of new technology solutions, and systems management)
- Telecommunications costs (telephony, fax, data communications, Internet facilities).

Although typically around 22%, the proportion of expenditure accounted for by hardware and software investments might increase in future with the implementation of new technologies and their impact on operational efficiency.

Software investments are now as important as hardware investments in developing a call center. Organizations are purchasing easy to use, modular and easy to integrate software products to support the development of their call center. Software products help to structure and organize the call center and a variety of products are available, specifically designed for functions such as:

- Call management
- Technical assistance and support

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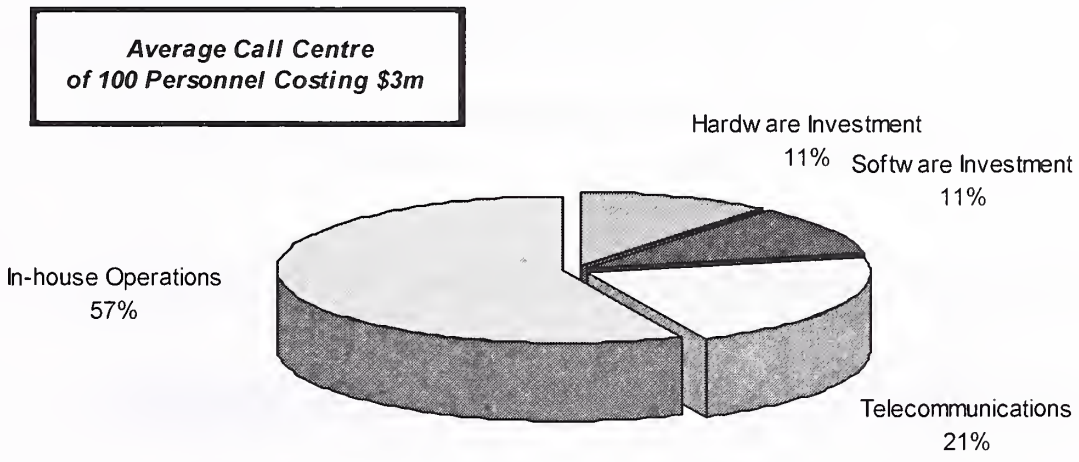
- Call tracking and problem resolution
- Marketing and sales campaigns support
- Account follow-up
- Datamining for customer analysis and profiling
- Workflow management
- Project management.

Exhibit II-1

Call Center Spending Pattern - Breakdown by Segment - US, 1997



Sample of 75 US Organizations *Source: INPUT*

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B

Complaints Handling is the Most Outsourced Function

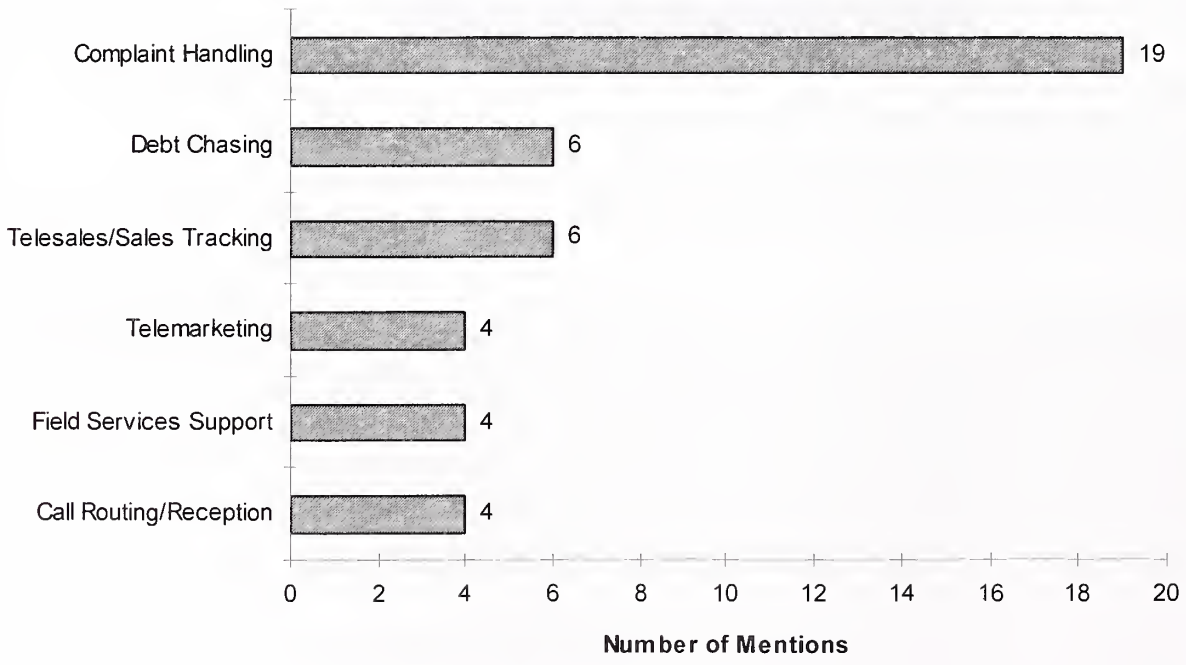
Thirty-five per cent of US organizations fully outsource at least one call center or regularly subcontract specific functions such as complaint handling. However, only 7% of the total call center activity in the U.S. is handled externally.

As shown in Exhibit II-2, the principal functions that are currently handled externally are complaints handling, debt chasing, telesales and telemarketing activities. The willingness of organizations to subcontract these functions arises from:

- The importance given by US organizations to customer services
- The difficulty of anticipating call center volumes, and, consequently, deploying the appropriate level of human resources
- The existence of established telemarketing and telesales agencies on the market.

Exhibit II-2

Principal Call Center Activities Outsourced - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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C

Flexibility, Customer Interface And Staff Skills Are Critical

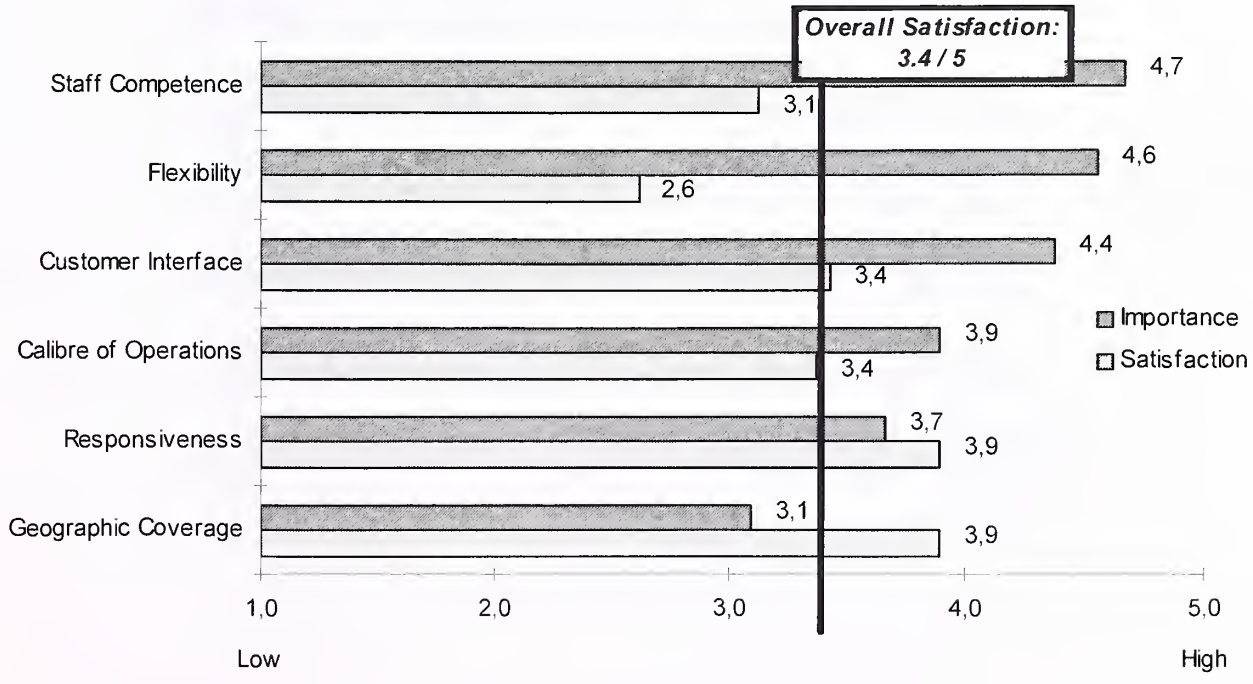
Exhibit II-3 lists the importance of a number of external call center service characteristics and buyers' level of satisfaction with each of these service characteristics.

According to buyers, staff competence and service provider flexibility are the most important elements of vendor service provision. However, the level of satisfaction with these attributes is currently low and buyers should ensure that their chosen supplier has:

- The flexibility and modularity to adapt their current service offerings to business changes and changing client requirements
- The ability to develop customer intimacy and closeness with the buyers' clients
- Competent and experienced staff, professional with difficult customers.

Exhibit II-3

User Satisfaction With External Call Center Services - US, 1997



Sample of 28 US Organizations Handling External Call Center Services *Source: INPUT*

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Regarding staff competence, most vendors that have developed an expertise in specific call center activities such as overloading, telemarketing or telesales, are currently providing related solutions in response to clients demands. However, though these vendors often have a good reputation for their original offering, some of them seem to lack the capabilities to support diversification into other service areas. In particular, services vendors may lack personnel with experience in these new areas. Consequently, it is essential for buyers to:

- Evaluate the technical and people skills of potential suppliers
- Assess the level of service quality provided and how the quality control is done
- Check vendor references in the call center area under consideration.

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D

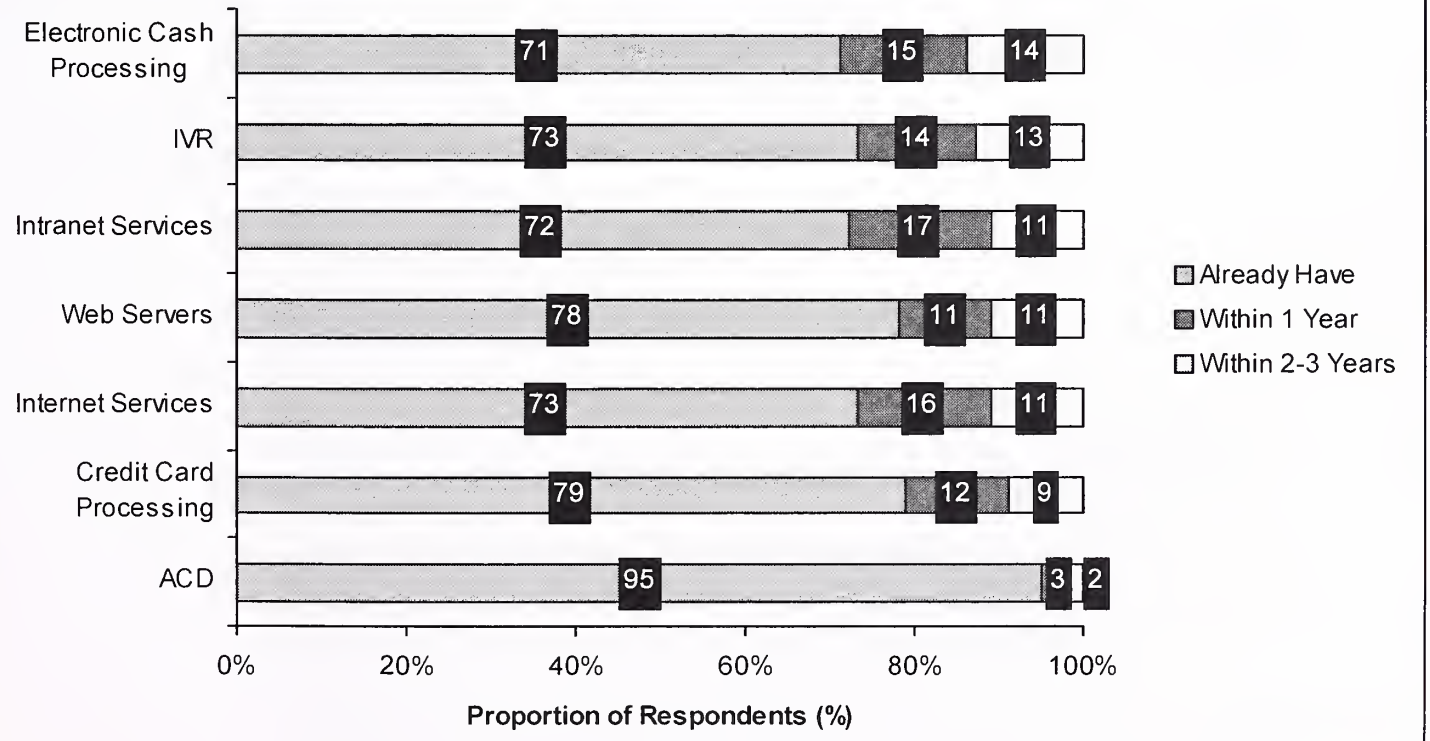
Deployment of New Technologies is key to of Call Center Development

Most organizations expect the deployment and integration of new technologies to be a major factor in customer interface improvement. Exhibit II-4 lists major applications expected to grow significantly in the short term:

- Credit card and electronic cash processing
- Internet/Intranet services
- Web server access
- Interactive Voice Response (IVR)
- Datawarehousing.

Exhibit II-4

Future Usage of New Technologies - US, 1997



Sample of 130 US Organizations

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Automatic Call Distributors (ACDs) lie at the heart of call handling. Not surprisingly, 94% of US organizations have already implemented them.

Internet call centers offer future prospects of cost reduction through process and transaction automation by means of electronic messaging in response to information demands. This technology will be used for new modes of cash delivery and will hasten the arrival of electronic cash processing.

As a result, multimedia call centers simultaneously integrating telephony, fax, electronic messaging and web facilities are expected to develop and give birth to virtual call centers.

Computer Telephony Integration (CTI) is another area that will considerably impact the nature of the customer interface. Organizations should prepare now to integrate this technology into their information systems selecting the products and services that are most suitable to their IT environment and that allow them to provide real time responses to customer requests. CTI is already recognized as a necessity for organizations active in mass domestic markets. Nevertheless, its market acceptance is being increased by:

- A decrease in the price of CTI products
- Increasing integration with standard network operating systems
- The development of customer care applications.

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E

Organizations Require Assistance in Understanding and Integrating New Technologies

The variety of vendors and the diversity of technologies available makes the design of call centers a difficult task. Each call center is typically a collection of multiple technologies and systems that are less and less distinct from one another and that need to be fully integrated inside the information system. The deployment of new call center technology typically requires expertise in each of two levels of integration: computer telephony integration and call center application/business application integration.

Knowledge of new call center related technologies and the ability to integrate these technologies and applications in line with the organization's business need are important selection criteria for call center buyers presented with a wide range of vendors, products and solutions. Exhibit II-5 lists major call center related services that can be handled externally.

Exhibit II-5

Major External Call Center Services Needed - US, 1997

- The IT infrastructure design and implementation
- Consultancy and project management services
- New technology integration
- Human resources staffing and training
- Business application enabling and business process changes
- Establishing benchmark for performance
- Switch to host and/or distributed systems integration

Source: INPUT

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F

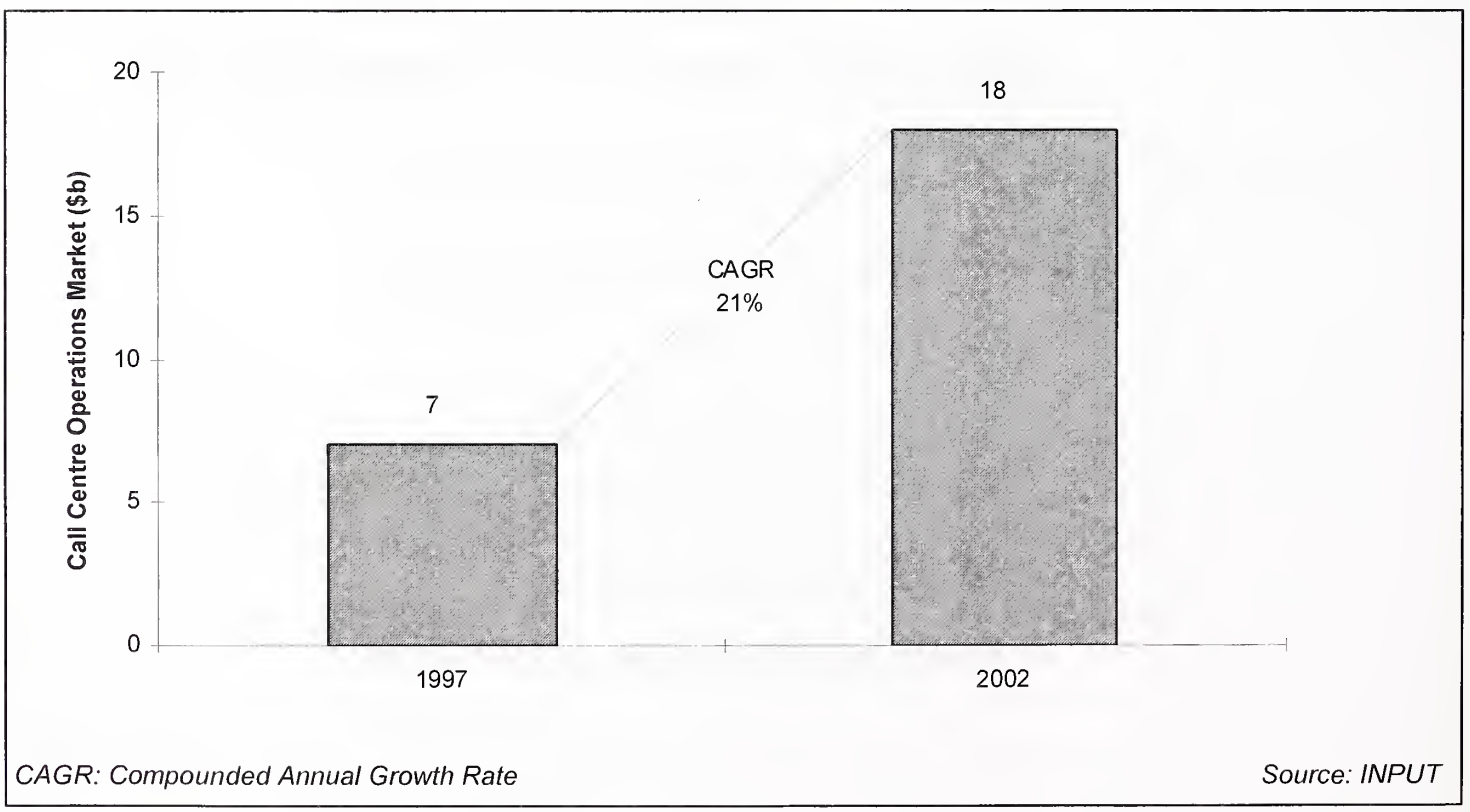
A Market Expected to Double by 2002

Exhibit II-6 shows that there is a sustained growth expected in call centers operations activities which are largely driven by employment aspects. With an annual compounded growth rate of 21%, the market is expected to double by 2002 and reach $18 billions. The deployment of large call centers is expected to decrease due to new technologies integration but medium, more flexible and business specific call centers should increase.

INPUT's estimates lie on US organizations propensity to outsource fully or partly their call center operations. In 1997, 44% of US organizations interviewed within the research were mentioning having partly outsourced call center activities. Nevertheless, INPUT considers that approximately 30% of call center operations budgets are really outsourced.

Exhibit II-6

Call Centers Operations Market - US, 1997-2002



CAGR: Compounded Annual Growth Rate *Source: INPUT*

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III

Market Development

A
Call Center New Challenges

Exhibit III-1 shows the major call center benefits according to US organizations. They can be grouped into three main categories, to:

- Enhance customer care
- Maximize competitive challenge
- Develop marketing and sales activities.

1. Call Centers Play a Key Role in Customer Care Improvement

Optimizing customer relationship represents the major call center issue for US organizations as they are unanimous about the importance of this function to improve customer satisfaction and develop customer loyalty. Therefore, the call center actively contributes to:

- Maintain the existing customer base through excellent customer service
- Directly link organizations to their clients and prospects via remote services.

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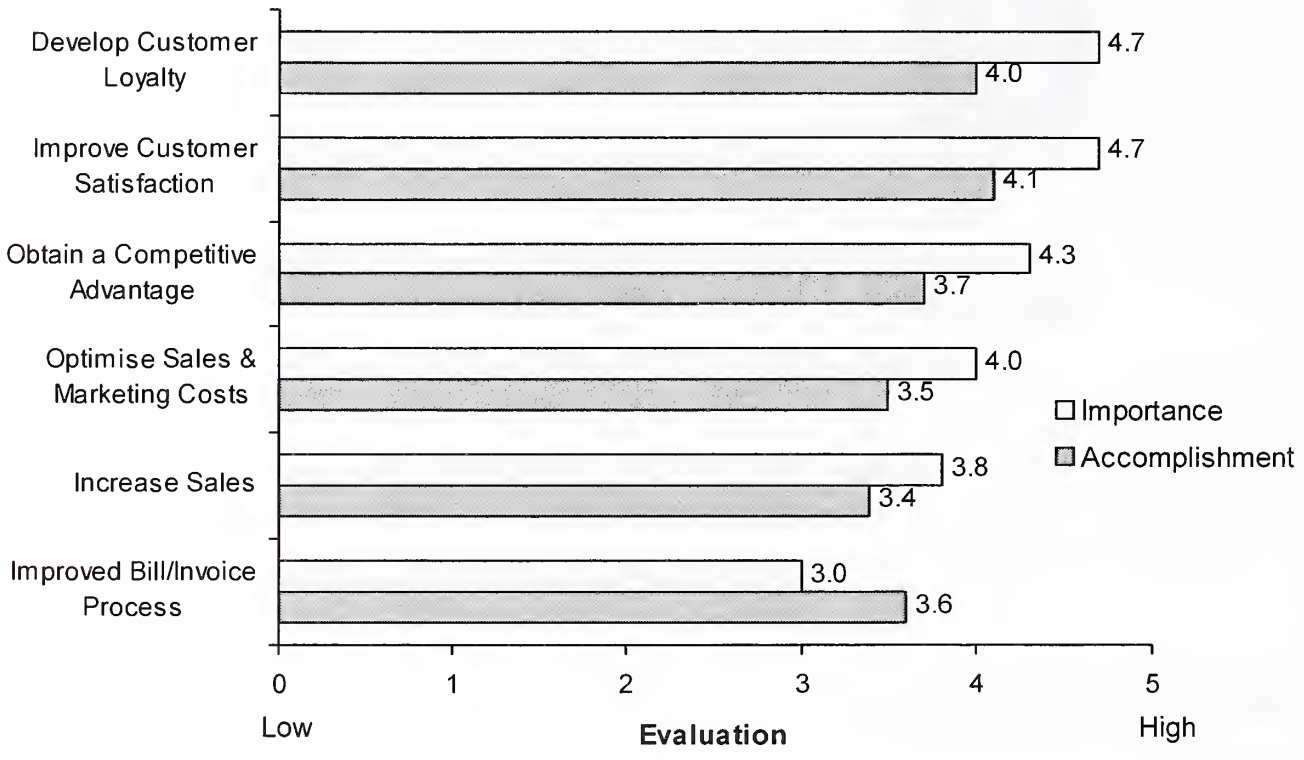
Exhibit III-1

Call Center Benefits Evaluation - US, 1997



Sample of 130 US Organizations *Source: INPUT*

Indeed, in most industry sectors, it now costs more in sales effort to reclaim a disappointed customer that has gone to a competitor than to establish an efficient and recognized call center service taking care of customer requests and requirements. As the call center is often the first contact a customer has with an organization, it should necessarily:

- Handle all queries and immediately route them to the most qualified agent
- Rapidly and efficiently process these queries
- Inform and communicate proactively on enterprise activities (information services such as bulletin boards, one-to-one marketing promotions on new products and services, technical support, etc.).

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2. Call Centers Help Organizations Address Aggressive Competition

In all industry sectors, call centers are essential for organizations wishing to stay competitive. They are a key market differentiator and help companies to gain market share. Call centers assist companies to:

- Increase sales and improve sales channels
- Better understand customer needs and requirements
- Differentiate company products and services from competitors
- Build and maintain a global positive image.

Accordingly, call centers as well as customer care services are considered to be more of a marketing challenge than a technical issue. They represent a strategic strength for organizations in additional revenue generation, the implementation of new business activities and continuous improvement in competitive advantage.

3. Call Centers Leverage Marketing and Sales Advantage

Using call centers, organizations can substantially improve the productivity of strategic and critical functions such as:

- Sales - Call center activity can shorten the sales cycle and support sales people in their day-to-day operations providing remote technical assistance on new products, real time information on prices, thereby increasing the effectiveness of companies' sales forces
- Telemarketing activities optimizing telemarketing costs when segmenting clients and prospects, creating and developing databases
- Customer information services and customer loyalty programs.

To reach the objectives of productivity planned, US organizations should ensure a frequent review of telesales and telemarketing activities managed through call centers. This review should be based on:

- A verification that the number of telephone lines is adequate to support the number of agents and adapted to traffic evolution

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- A reduction in the average call response time and processing time in order to optimize the number of calls per agent per day.

However, it is difficult to estimate any return on investment as an organization has to constantly invest in the call center operational structure and especially in:

- Different technologies used, such as call management software products, relational data base management systems (RDBMS), advanced telephony systems Web applications

- Staffing and training.

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B
Call Center Budgets

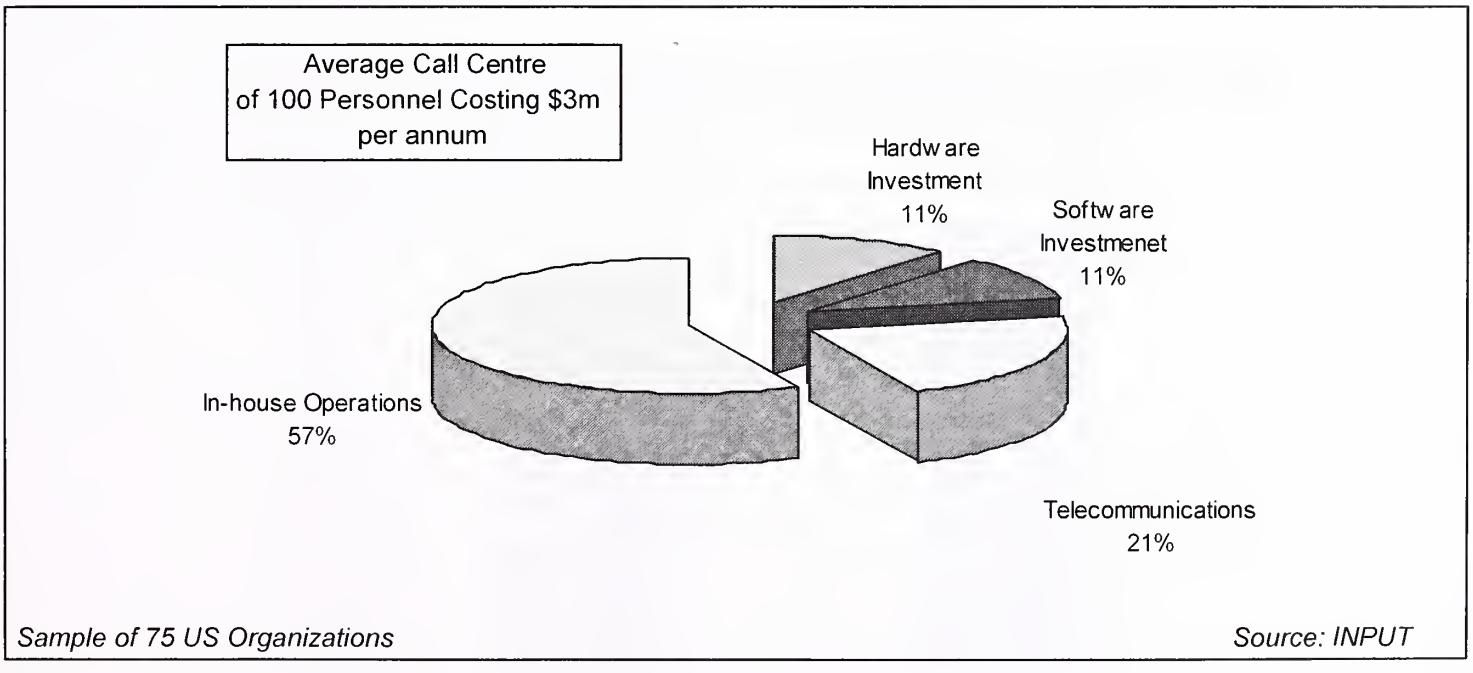
1. Call Center Budget Dominated by Operations

Exhibit III-2 illustrates that US organizations allocate 57% of their call center budget to operations. Including telecommunications costs (telephone, fax, data communications, Internet), call center operations expenditures represent nearly 80% of overall call center expenses. In-house operations are essentially composed of:

- Personal charges, recruiting and training
- Administration charges and in-house facilities
- IT system operations including call center hardware and software maintenance and management.

Exhibit III-2

Call Center Spending Pattern - Breakdown by Segment - US, 1997



Sample of 75 US Organizations *Source: INPUT*

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Hardware and Software Investments Will Remain Stable
The element dedicated to hardware and software investments might fluctuate according to new technology integration and its impact on the information system when implemented. However:

- The percentage of hardware investments in the overall call center budget might slightly decrease over the years to reach around 8%
- The proportion of expenditure on software investments will remain stable at 11%. But as the total call center budget will increase, software investments will increase accordingly.

A Slight Decrease Is Expected in Telecommunications Costs
In the meantime, telecommunications expenses should proportionately decrease due to:

- An intensive usage of the Internet which will considerably help to reduce the telecommunications bill
- A decrease in telecommunications prices as operators face aggressive competition.

Call Center Operations Will Grow
Call center operations will increase to represent more than 60% of the call center budget. This growth will be all the more important as US organizations will continue to massively invest in customer care related services.

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2. Call Center Operations Budgets Are Still Increasing

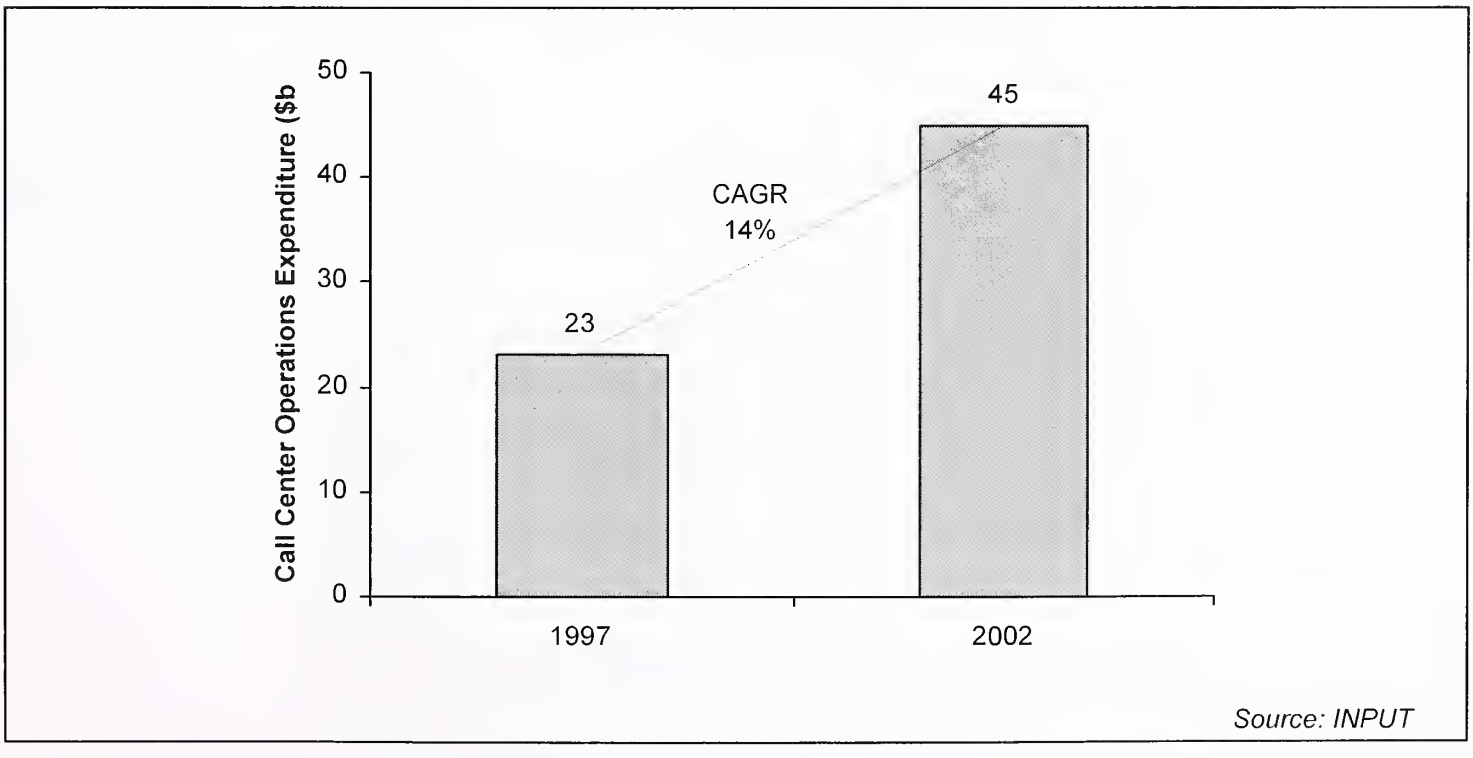
The adoption of call centers is advanced in the US. As a consequence, call center operations budgets will grow less rapidly than in Europe but nevertheless by 14% per annum. Exhibit III-3 shows the evolution of US call center operations expenses over the 1997-2002 period. These budgets represent $23 billion in 1997 and will reach $45 billion in 2002.

INPUT's estimates are based on the following scenario:

- In 1997, the total number of US call center agents is estimated at around 600,000 people representing around 0.5% of the US active population. By 2002, there should be 1.3 million agents representing 1% of the US active population
- The average annual cost of a US call center with 100 agents is around $3 million according to US organizations
- These forecasts do not include any hardware and/or software related investments and telecommunications expenses. They only refer to call center operations expenditures.

Exhibit III-3

Evolution of Call Center Operations Expenditure - US, 1997-2002



Source: INPUT

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3. Largest Budgets Are in Financial Services and Telecommunications

Exhibit III-4 reveals that financial services (banks and insurance companies) and telecommunications operators are investing massively in call center operations. These two industry sectors face aggressive competition in their respective markets. Customer loyalty and satisfaction are key differentiators and organizations have already deployed efficient call center infrastructures.

In financial services, call center operations have grown rapidly and related budgets are the largest of the industry. Telephone banking, and now electronic banking, as well as buying insurance by telephone are the fastest growing sectors of financial services.

In other industries, call centers are already a common practice. In the retail sector, teleshopping, and now electronic commerce, favor the deployment of new types of call center.

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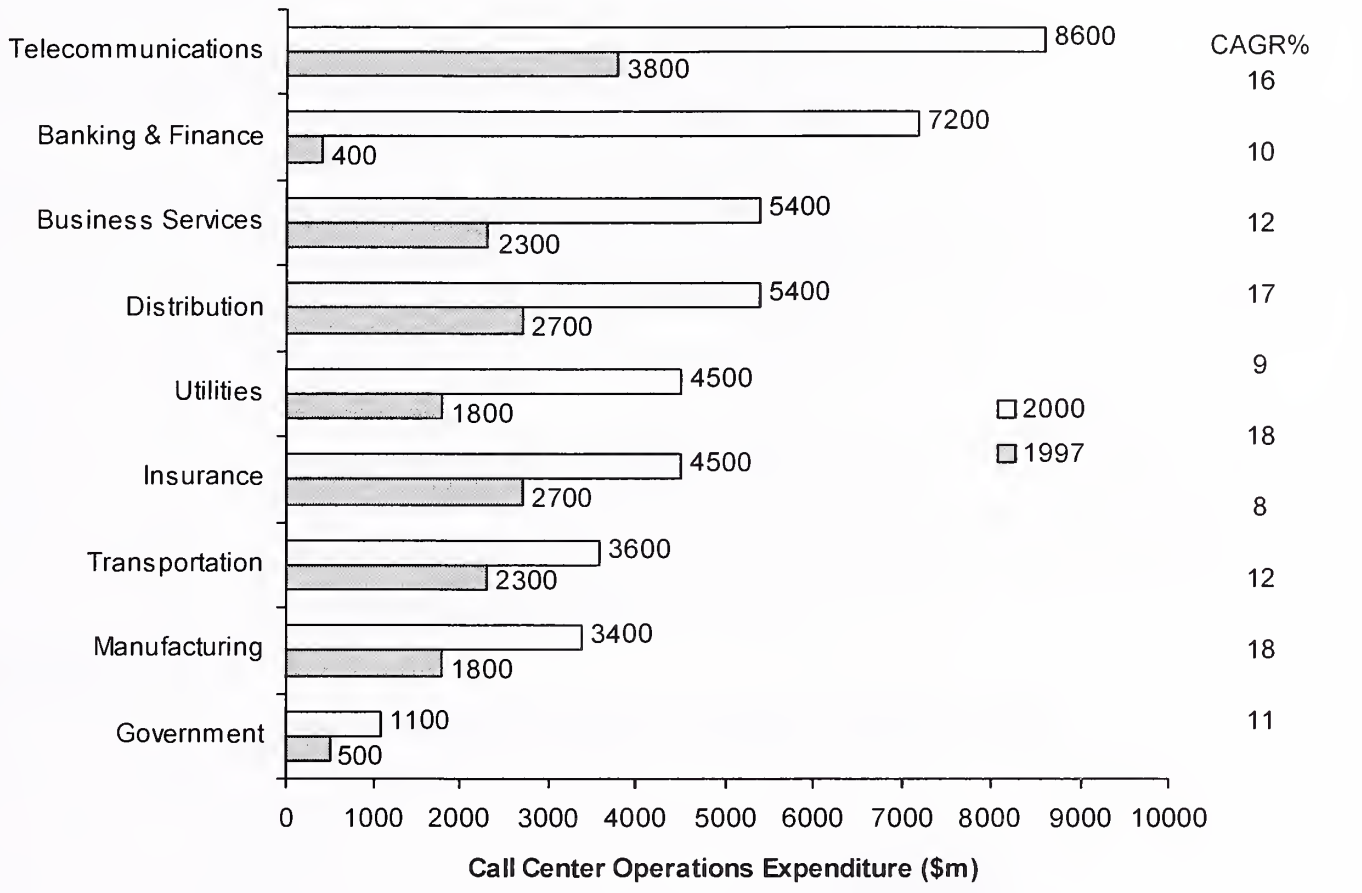
Exhibit III-4

Call Center Operations Expenditure Breakdown by Industry Sector - US, 1997-2002



Source: INPUT

Organizations in the transportation sector are also familiar with call centers as reservation services provide a clear illustration of how linking telephone agents to computer systems improves both customer service and the ability to sell effectively.

The manufacturing and process industries currently use call centers for customer support and technical assistance.

High growth is expected in the following industry sectors:

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- Utilities and central government departments that have made services a major goal. They are currently setting specific targets for speed of telephone answering and better understanding of customer attitudes

- Business services organizations facing business disintermediation are increasing their call center usage

- The local government sector is eager to promote its services to its citizens and improve its customer service.

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C
A Fast Moving Market For Call Center Operations

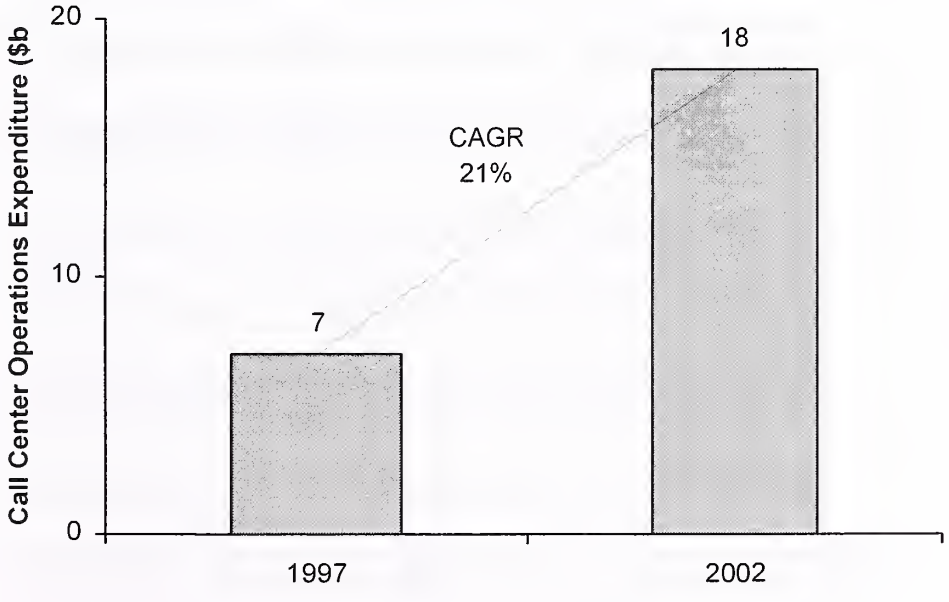
1. Market Size Forecast to Double by 2002

Exhibit III-5 shows that there is a sustained growth expected in call center operations activities. With an annual compounded growth rate of 21%, the market is expected to double by 2002 and reach $18 billion. The deployment of large call centers is expected to decrease due to new technology integration but the number of medium-sized, more flexible and business specific call centers should increase.

INPUT's estimates are based on US organizations' propensity to outsource fully or partly their call center operations. In 1997, 44% of US organizations interviewed partly outsourced call center activities. Overall, INPUT estimates that approximately 30% of call center operations budgets are outsourced.

Exhibit III-5

Call Center Operations Market - US, 1997-2002



CAGR: Compounded Annual Growth Rate *Source: INPUT*

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2. Major Services Supporting Growth

The deployment of new call center technology typically requires expertise in each of two levels of integration: computer telephony integration and call center application/business application integration. Then, use of an external integrator is a recognized alternative for organizations facing the need to build or enhance an in-house call center.

Exhibit III-6 lists major call center related services that can be handled externally.

Exhibit III-6

Major External Call Center Services Needed - US, 1997

- IT infrastructure design and implementation
- Consultancy and project management services
- New technology integration
- Human resources staffing and training
- Business application enabling and business process changes
- Establishing benchmark for performance
- Switch to host and/or distributed systems integration

Source: INPUT

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D

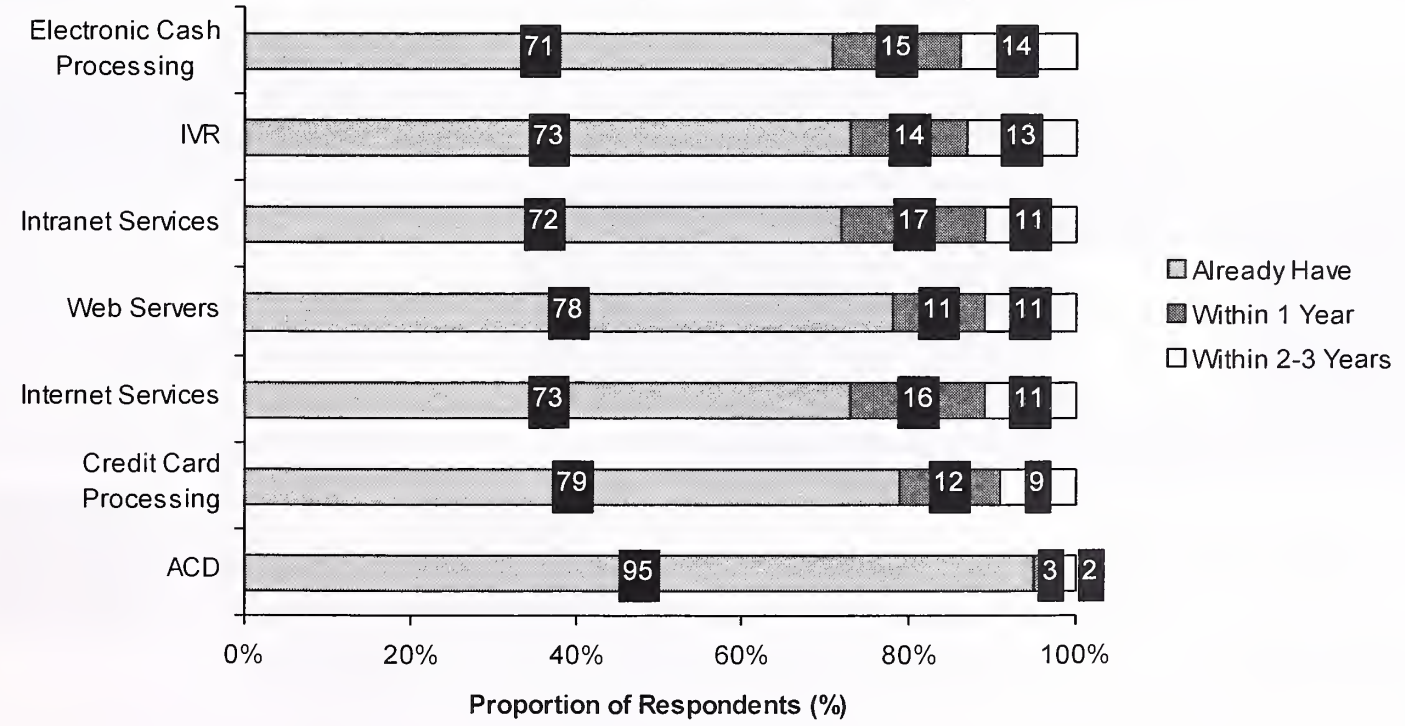
Usage of New Technologies Set to Improve Call Center Services

Call centers are becoming more complex and sophisticated than in the past. Telephony is still key but call centers are now integrating new systems linked with other parts of the organization. Often, both inbound and outbound customer service representatives (CSRs) are working with corporate databases and operational business systems. Call centers utilize an impressive range of technologies from the telephone itself through to voice recognition and image processing but IT appears to be only one component of a complete business operation.

As a consequence, most organizations see the deployment and the integration of new technologies as an essential means of optimizing and improving the customer interface. Exhibits III-7 and III-8 show new technologies currently impacting call centers and increasingly used by organizations.

Exhibit III-7

Future Usage of New Technologies - US, 1997 (1)



Sample of 130 US Organizations

Source: INPUT

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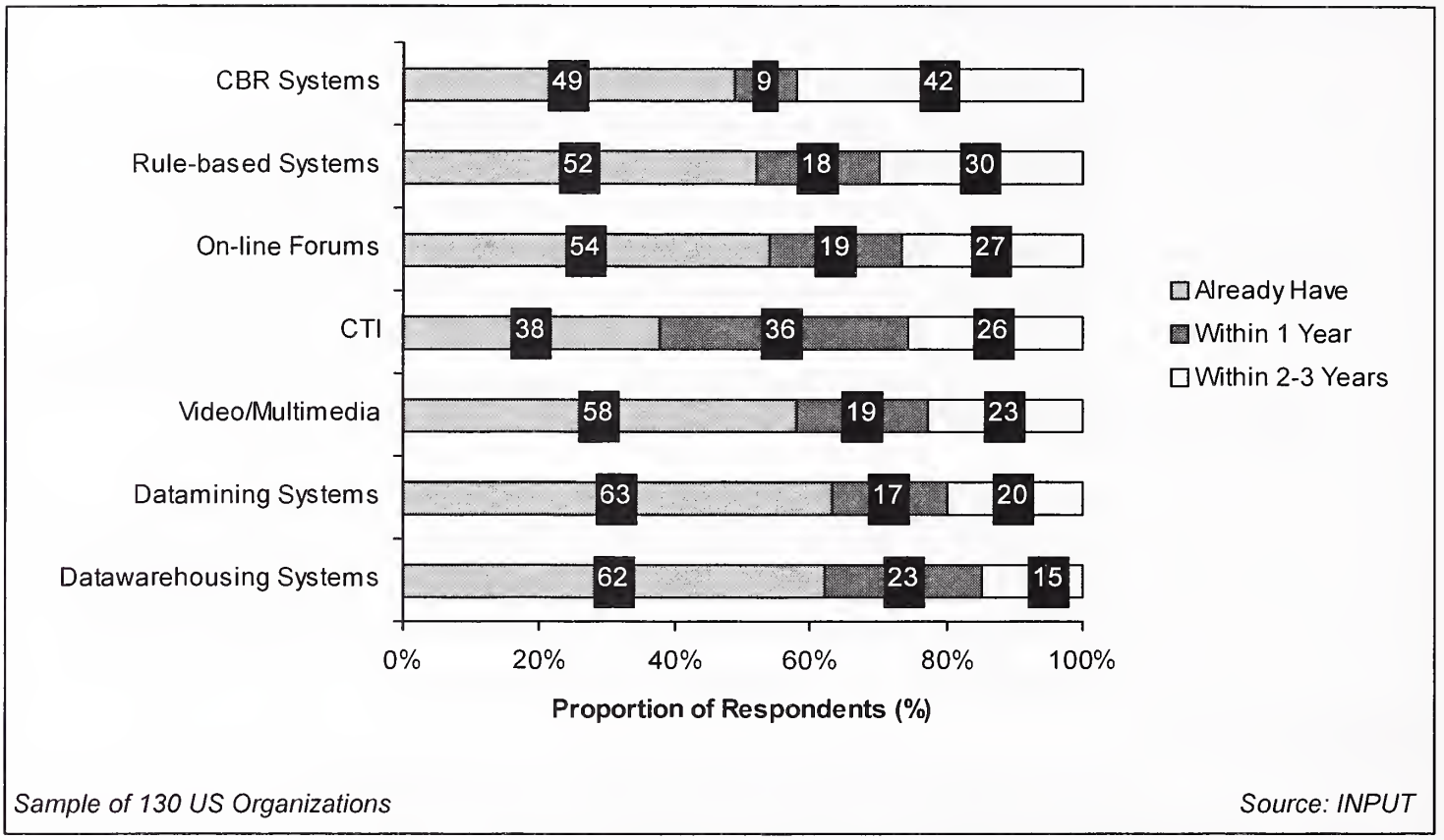
Exhibit III-8

Future Usage of New Technologies - US, 1997 (2)



Sample of 130 US Organizations *Source: INPUT*

Call center technology is converging as computer and telecommunications technologies are converging. New technology based applications expected to grow significantly in the short term are:

- Computer Telephony Integration (CTI)
- TCP/IP (Internet, Intranet, Web) and multimedia services
- Credit card and electronic cash processing including secured electronic payments
- Datawarehousing and datamining systems as in the future call centers will be much more likely to take advantage of such systems to target customer needs more efficiently
- Case-Based Reasoning systems.

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Automatic Call Distributors (ACDs) lie at the heart of call handling. Not surprisingly, 95% of US organizations already have implemented this technology. But the development of front-end systems and software based ACDs are challenging today the call center switching market. The advent of CTI, the constraints imposed by legacy systems and the customer data have grown in importance. As a consequence, it is much more common to drive call routing and call flows from databases than from the ACD. The presentation of information to call center agents about customer sales and service histories can no longer rely on back-end systems alone. Both off-the-shelf and enabling applications are challenging the traditional telemarketing software packages.

Other strategic applications mentioned are automatic dialers, call routers, ERPs, customer care software products, computer assisted telephony, and knowledge management databases. By use of such systems, US organizations will obtain in-depth, pertinent and relevant knowledge of customer attitudes and behavior.

Exhibit III-9 presents the usage of five major technologies by industry sectors.

Exhibit III-9

Future Usage of New Technologies
Breakdown by Industry Sector – US, 1997

	CTI	IVR	Internet Web	CBR Systems	Data-warehouse
Banking / Finance					
Insurance					
Communications					
Transportation					
Distribution					

Already implemented

To be implemented within one year

To be implemented within two to three years

Source: INPUT

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1. Call Center Automation

Call center queries are increasingly resolved by automated systems rather than by human intervention. In 1996, some US banks reported that over 75% of their telephone requests were handled by such systems with decreased costs and equal or greater customer satisfaction. Today, there are numerous levels of dialing automation available and also different technologies that can be used to implement it. Predictive dialing is one of the most effective but also one of the most expensive technologies to implement.

Automation is increasingly used to address the queuing issue. There will always be peaks of telephone traffic which result in queuing and even abandoned calls (or messages when considering the Internet). An alternative is to put customers on hold and to employ an « on hold » service but even this solution does not answer the queuing problem. The « on hold » service should be mixed with other alternatives such as automated routing and/or automated call back The « on hold » service should be regarded as a contingency plan when calls bunch together or more calls than forecast enter at the switch, making it impossible for agents to answer customers within the call center service level objectives.

Call center automation can also generate operational cost reductions. For example, in the IT sector, typical cost benefits of automating a call center include a return on investment in under one year, and the reduction of software product support costs by up to 40%. Exhibit III-10 lists computer automated applications which can considerably enhance call center service levels and improve cost efficiency.

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Exhibit III-10

Major Automated Processes Used within Call Centers - US, 1997

- Popup for inbound calls
- Coordination of call and customer record transfer to another center
- Preferential routing of inbound calls
- Abandoned call capture and call back processes
- Simple outbound dialing from a customer record and automated outbound dialing for a call list
- Inbound and outbound call reporting linked to business transaction data
- IVR systems during office or out-of-hours customer support

Source: INPUT

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2. Computer Telephony Integration (CTI) Is a Key Issue

CTI is the basis of intelligent call processing and routing. It will considerably impact the customer interface and US organizations should prepare now to integrate this technology into their information system. CTI is recognized as a necessity, especially for organizations addressing mass domestic markets, because it allows them to:

- Automate real time customer information display
- Maximize the quality of interaction between customers and customer service representatives (CSRs)
- Increase the efficiency and the productivity of agents by shortening the length of calls and then enabling agents to handle more calls. For example, in home banking, agents can have immediate information on a caller, such as name and account information, and use that information to route the call to the most appropriate agent
- Reduce processing costs.

Nevertheless, CTI's takeoff depends on the specific conditions listed in Exhibit III-11.

Exhibit III-11

Conditions for CTI Takeoff - US, 1997

- A decrease in the price of CTI products
- Increasing integration with standard network operating systems
- The development of customer care applications

Source: INPUT

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The future development of CTI depends on organizations understanding that the intelligence has to be distributed and that it is of great importance to:

- Move the intelligence from the switch to customer information related applications
- Integrate these applications into networks, especially data networks, and not exclusively into PABX (Private Automatic Branch eXchange).
- Integrate Internet access making it easier for Internet servers and the ACD to communicate with each other.

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3. Internet and Virtual Call Centers

The growing emphasis on customer service requires the effective integration of several technologies relevant to the customer interface areas. Within call center activities, the Internet promises to fundamentally change the way that businesses interact with customers as it facilitates new types of customer interface and communications such as:

- Human communications: a customer may initially interact via e-mail or an electronic bulletin board but CSRs receiving these electronic queries may directly interact with the customer often not in real time

- Automated communications: a customer may initiate a request, even electronically, without any human interaction (e. g. automated tracking systems or order entries).

Internet technology facilitates the efficient implementation of virtual call centers. Using videoconferencing, Internet multimedia, and database integration enables CSRs to interact simultaneously with customers even if they are in different physical locations.

Moreover, Internet call centers offer future prospects of cost reduction through process and transaction automation by means of electronic messaging in response to information demands. This technology is already used for new modes of cash delivery and will hasten the arrival of electronic cash processing.

For example, Java-enabling applications are already used by US insurance companies to help them improve customer service while simplifying call center training and operations. They use the Web to provide policy rates and electronic forms to customers as well as to answer phone inquiries and access customer information from company databases, all from a simple browser. By simply clicking on a Java applet, a customer can calculate an automobile insurance premium.

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Exhibit III-12 lists the major reasons for using Internet technology within call centers.

Exhibit III-12

Major Reasons for Using Internet within Call Centers - US, 1997

- Improve customer interface
- Broadcast information to clients
- Remotely provide technical support and assistance
- Improve customer relations without any location or time constraints
- Reduce telecommunications costs

Source: INPUT

As a result, Internet call centers, Web call centers and soon multimedia call centers simultaneously integrating telephony, data communications, electronic messaging, video and Web facilities are expected to develop and give birth to virtual or cyber call centers. Some projects are already under process in travel agencies, financial services and in the healthcare sector.

Major Internet impacts on call centers are:

- Internet enables call centers to visually provide information on products and services to customers
- Customers can purchase products and services from their computer. Even if it takes some time before people accept payments over the Internet, call center organizations should be aware of this phenomenon and formulate a strategy for business on the Internet
- Faster usage of Internet telephony

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- The development of teleworkers, setting them up with a PC including a functional CTI package and an Internet connection. For specific call center activities, it can make sense to hire agents who remotely have the capability to process orders, answer queries or transfer calls to other departments.

As companies increasingly appreciate the convenience of the Web and its ease of use, the demand for world class communication, call centers and services on the Internet will skyrocket. Internet and multimedia services will change the global call center business market and existing call centers have to adapt to this new channel of information. It is essential to plan any investment against this view of the future.

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IV

Call Center Usage and Development

A
Major Changes in Call Center Usage

1. Call Centers Typically Located in the Region of Company Origin

Exhibit IV-1 shows that 71% of US organizations have their call centers located in their region of origin. Only 4% are outside the US and are based in:

- Canada for America
- The UK and Germany for Europe
- Japan for Asia.

International locations only concern organizations with a local presence in several countries and, requiring a multilingual call center responsible for non-US calls.

US organizations reveal that teleworking programs and cross-functional teams favor distributed call centers where two or more centers share the call load. As a consequence, some locations seem to house an increasing number of small call centers instead of a single large facility.

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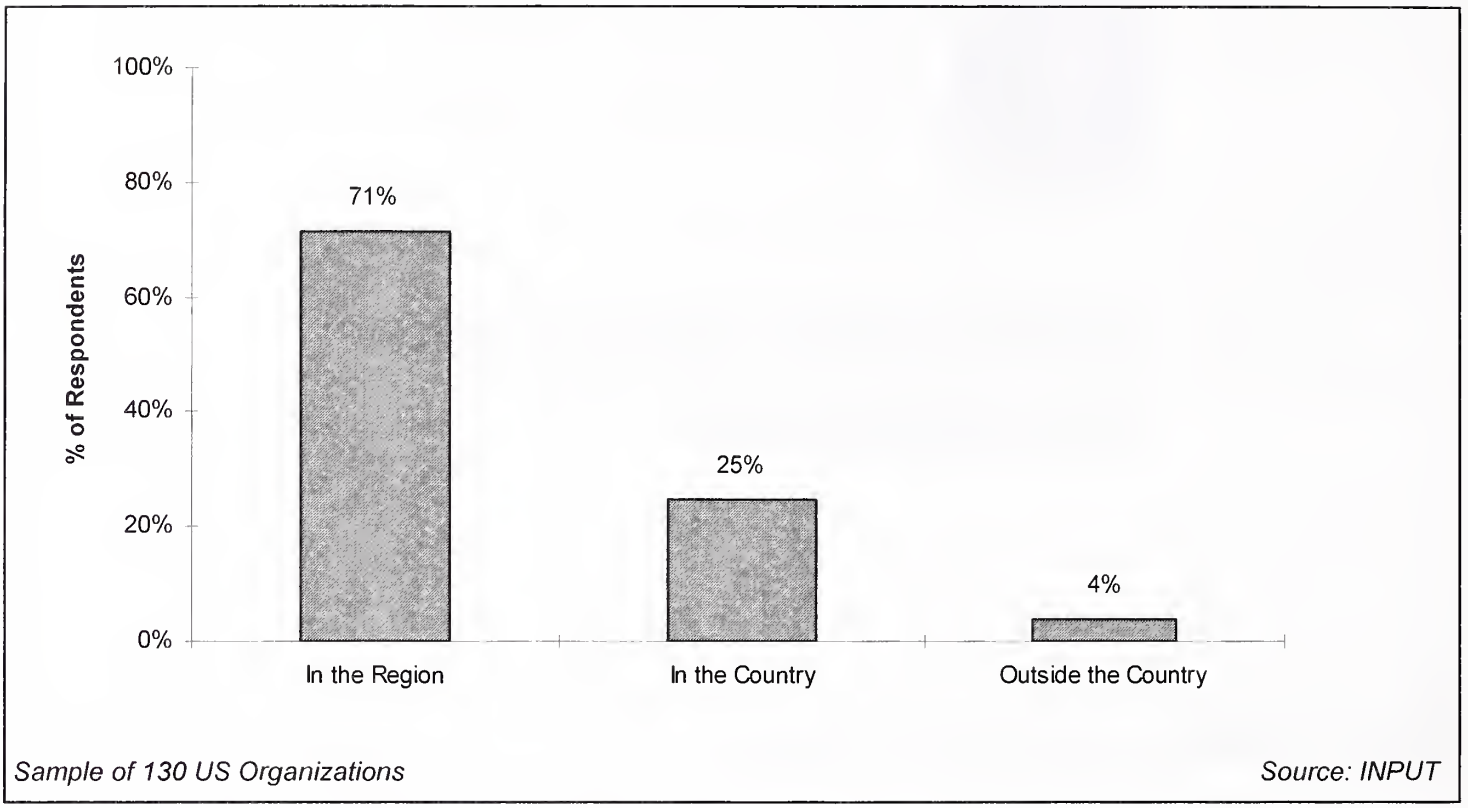
Exhibit IV-1

Call Center Locations - US, 1997



Sample of 130 US Organizations *Source: INPUT*

Most organizations are satisfied with the location of their call centers and do not expect to change over the next five years. In 1997, 71% of US companies are very happy with their current call center location. The location does not seem to be a pertinent criterion when choosing a call center. However, major reasons for choosing the location are:

- Proximity (people working on-site, easier job relationship, direct contact with customers, etc.),
- Attachment to company headquarters
- Geographical coverage linked with company business (regional, national or global).

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2. Most Call Centers Stay In-house

Exhibit IV-2 stresses that US organizations are eager to keep their call centers in-house as:

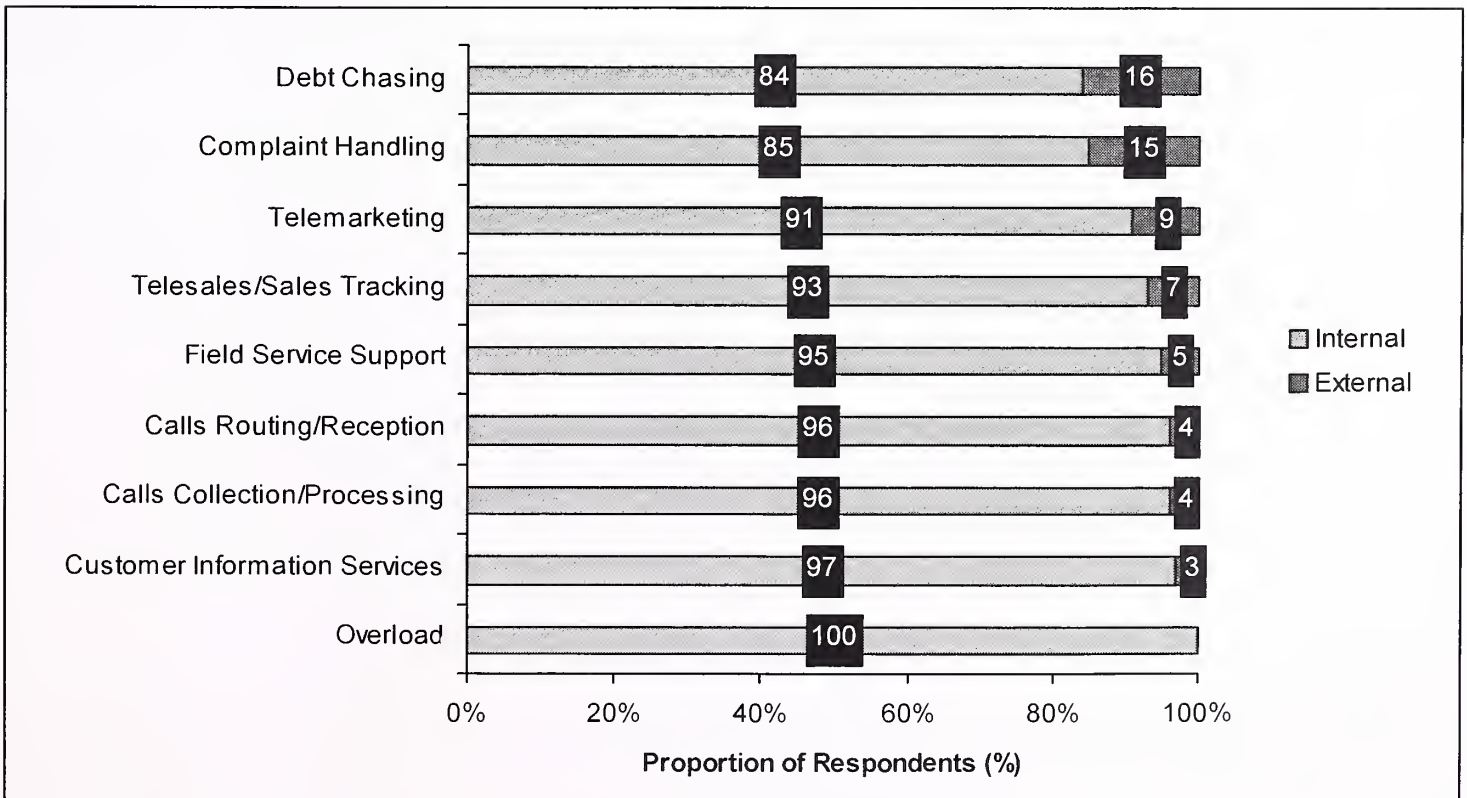
- 93% keep internally at least one of their call centers.
- 28% have partly outsourced their call center activities
- 7% have fully outsourced their call center(s).

Major functions that organizations definitely want to control include:

- Customer information services, with a global approach to customer care improvement
- Call management (reception, collection, routing and processing) which is at the heart of customer contact
- Field service support especially help-desk activities and/or sales channel support.

Exhibit IV-2

Sourcing of Major Call Centers Activities - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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3. Major Call Center Changes

Typically, call center applications include: customer service and inquiries, information service, sales order processing, dealing and broking systems, account inquiries, handling of 0800 numbers or toll free service, customer claims, appointment scheduling, reservations, help-desk, telesales and telemarketing. To better cover all call center activities organizations will increasingly use external resources.

Exhibit IV-3 lists the major call center activities that will be most outsourced over the 1997-2002 period:

- Overload as organizations expect to increase their usage of call centers

- Customer information services as organizations develop their call centers to be more customer-centric. Call centers are now part of the concept of managing the whole customer life circle and strongly related to development of customer loyalty.

Traditional telesales direct marketing is reaching its limit. Some organizations seem dissatisfied by the high level of wastage in direct marketing and telemarketing.

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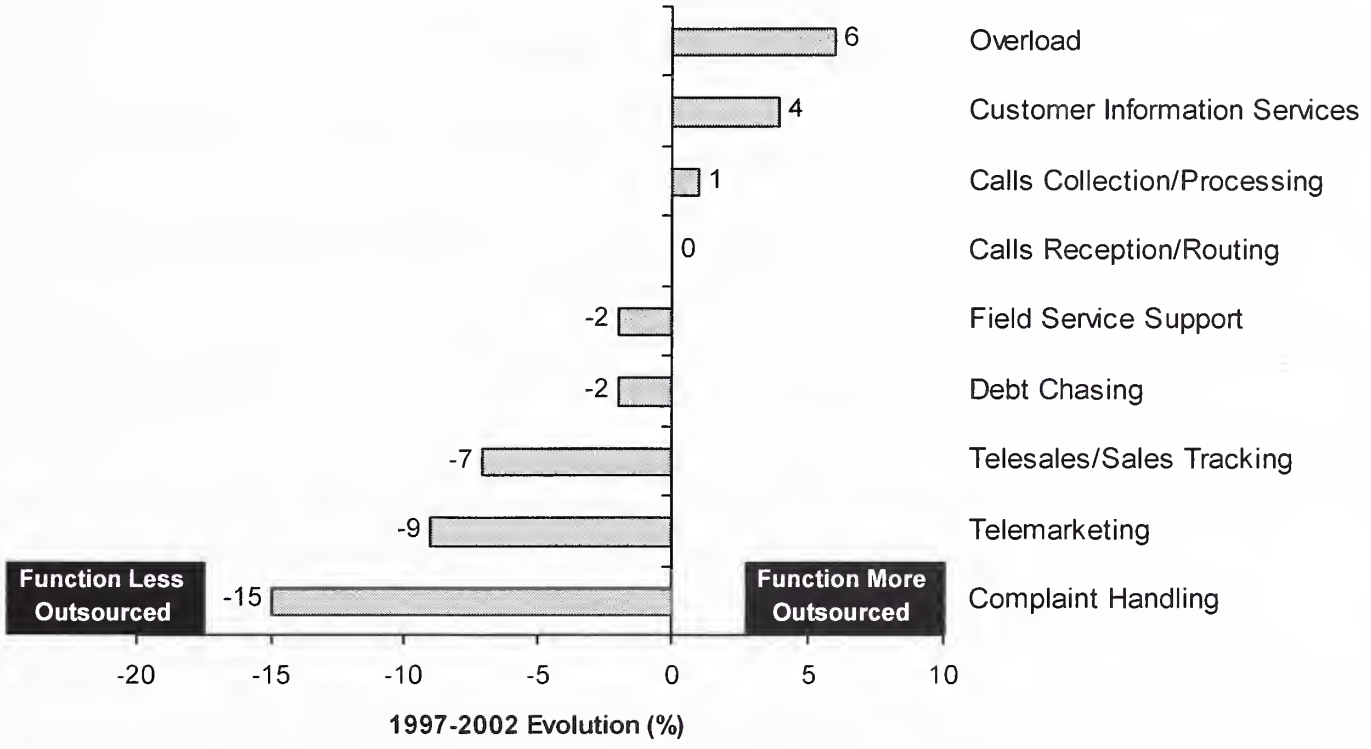
Exhibit IV-3

Evolution of Call Center Sourcing - US, 1997-2002



Sample of 130 US Organizations

Source: INPUT

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B
Major Resources Used

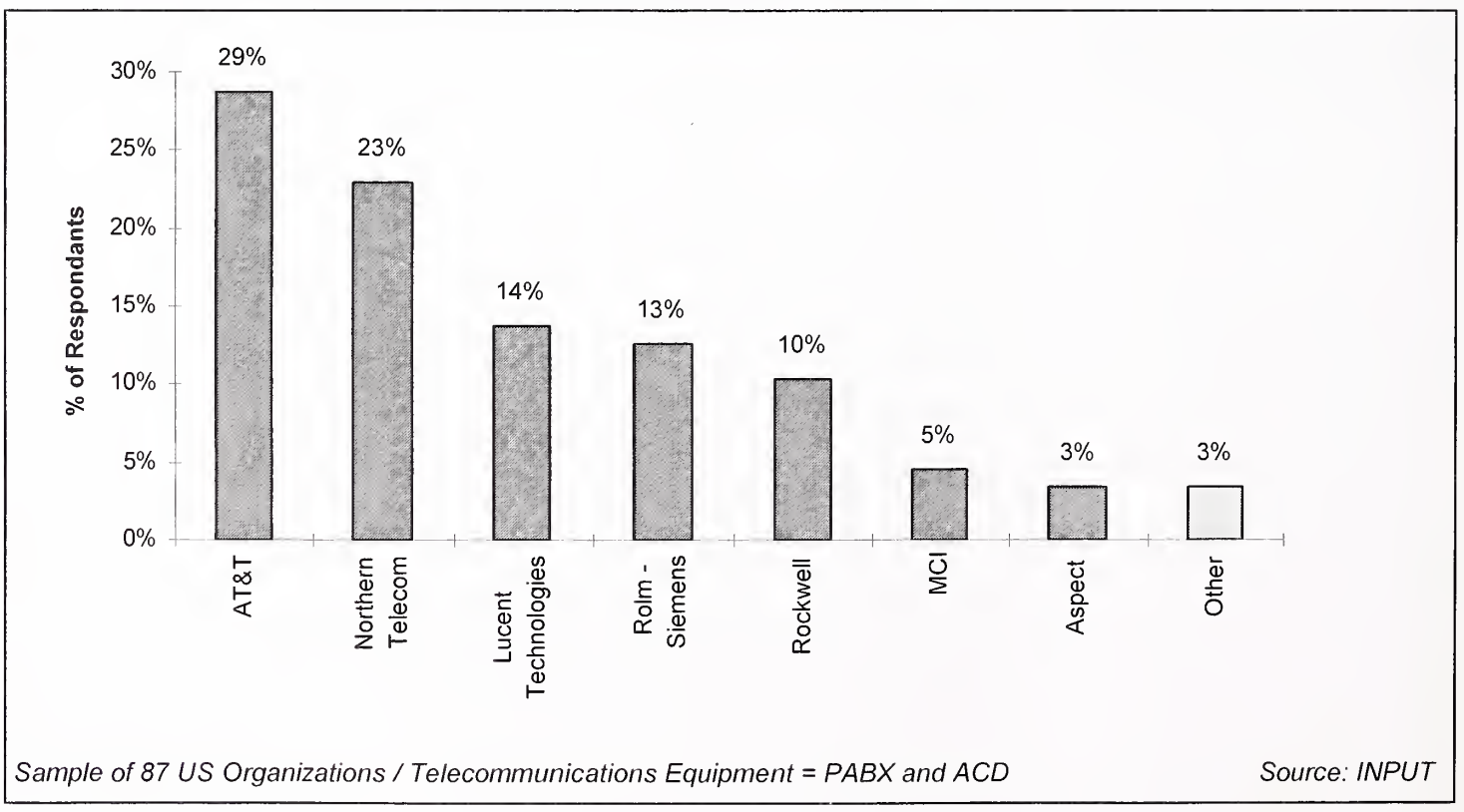
1. Telecommunications Equipment.

Exhibit IV-4 shows the telecommunications equipment (PABX and ACD) used by US organizations for their call center(s):

- Nearly one PABX out of three is supplied by AT&T, closely followed by Northern Telecom
- Rolm-Siemens and Rockwell are the other two challengers for PABX products
- Mentions for Lucent Technologies and Aspect refer to their ACD products. These two vendors are leading the ACD market
- Other vendors mentioned are NEC and Technatron.

Exhibit IV-4

Telecommunications Equipment Used by Underlining Call Centers - US, 1997



Sample of 87 US Organizations / Telecommunications Equipment = PABX and ACD *Source: INPUT*

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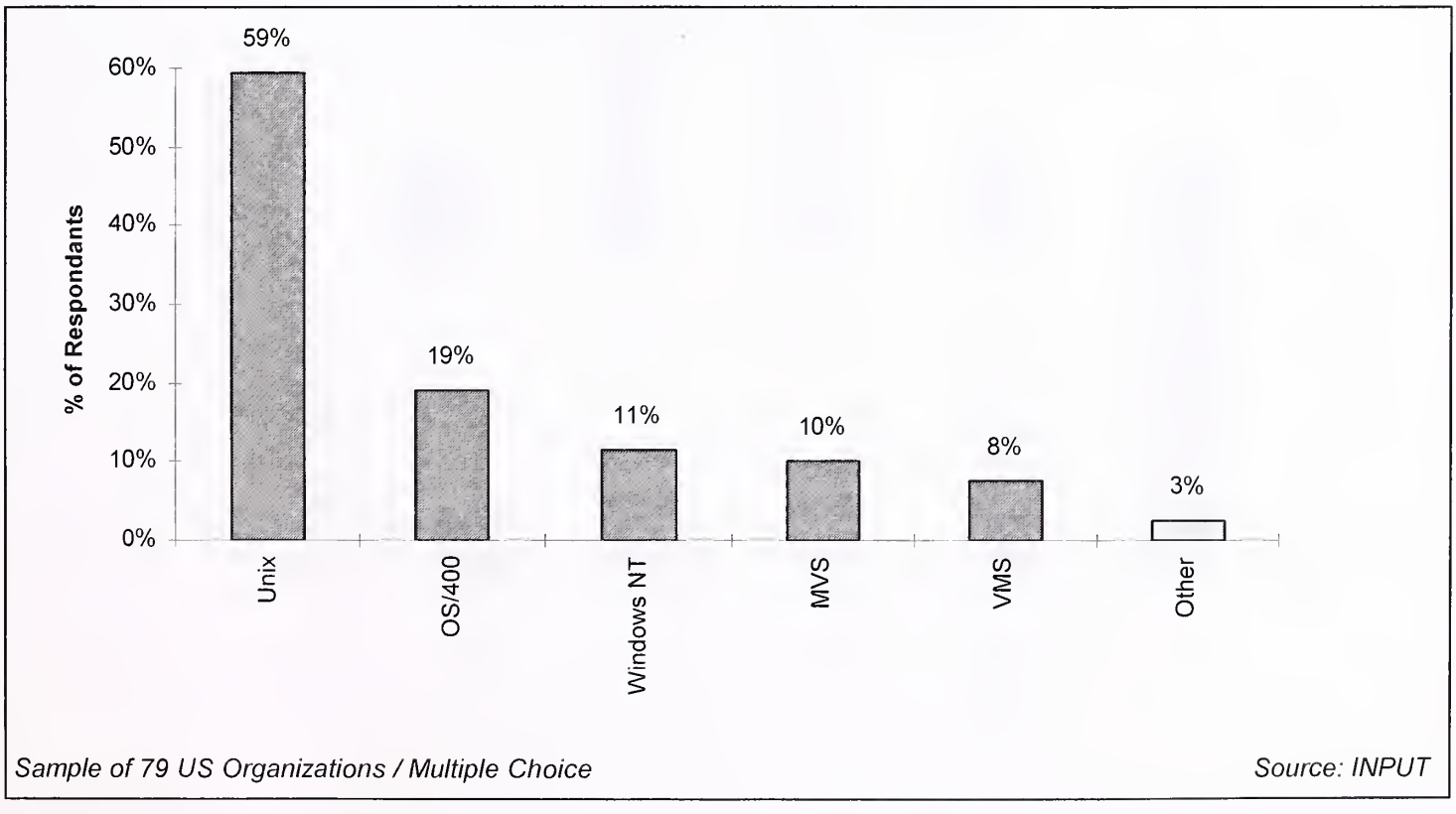
2. Operating Systems: Unix is Leading the Market

Exhibit IV-5 shows that:

- US organizations prefer to use open systems such as Unix or Windows NT:
  - Unix is used in nearly two call centers out of three
  - Windows NT is gaining popularity and is more and more foreseen as a standard when considering Internet integration. But US organizations are not becoming as infatuated with Windows NT as European companies, one-third of European call centers already having implemented the system
- IBM and Digital operating systems are trying to maintain their position
- Novell operating systems were not mentioned.

Exhibit IV-5

Operating Systems Underlying Call Centers - US, 1997



Sample of 79 US Organizations / Multiple Choice *Source: INPUT*

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3. RDBMS: Oracle is the Market leader

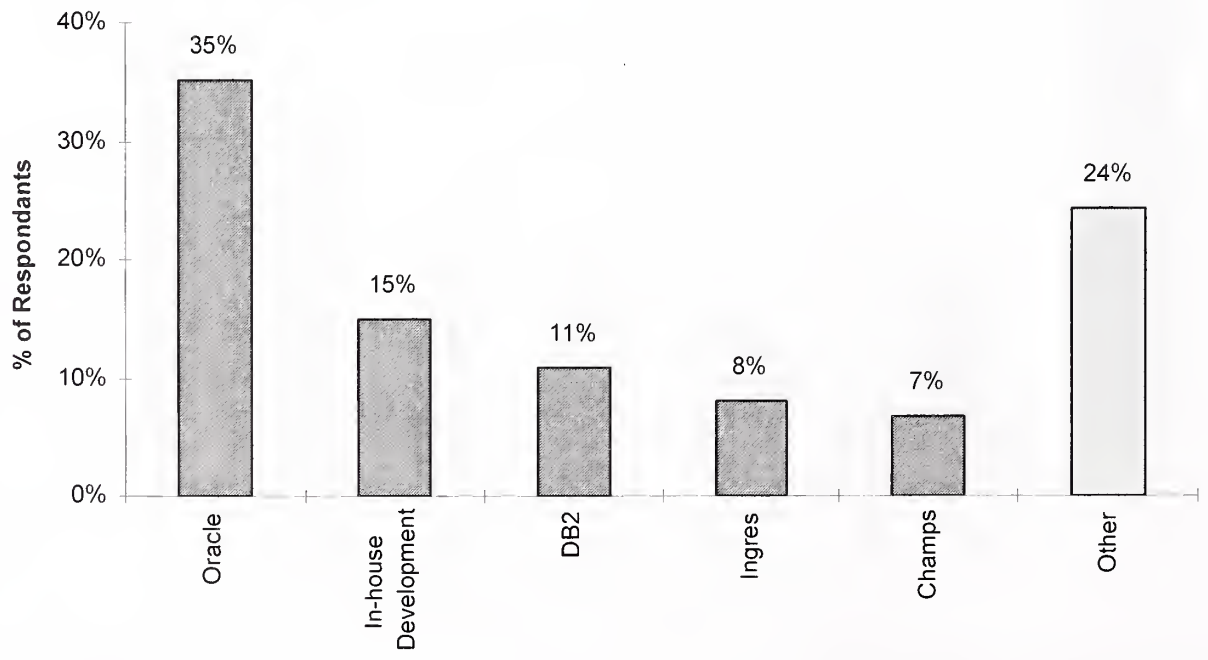
RDBMS (Relational Data Base Management Systems) group all the information and key elements about customers. Interfaced with specific applications based on CSRs' workstations, RDBMS allow real time availability of customer information. They accommodate the call center knowledge.

Exhibit IV-6 shows that:

- Oracle is the most common system used within US call centers
- DB2, Ingres and Champs are other databases well positioned on the market
- In-house development still accounts for 15% of US organizations
- A wide range of RDBMS is used. Other systems mentioned are from Microsoft (SQL and Access), Sybase, Informix, IBM (Lotus Notes) and AT&T.

Exhibit IV-6

RDBMS Usage within - US, 1997



Sample of 77 US Organizations *Source: INPUT*

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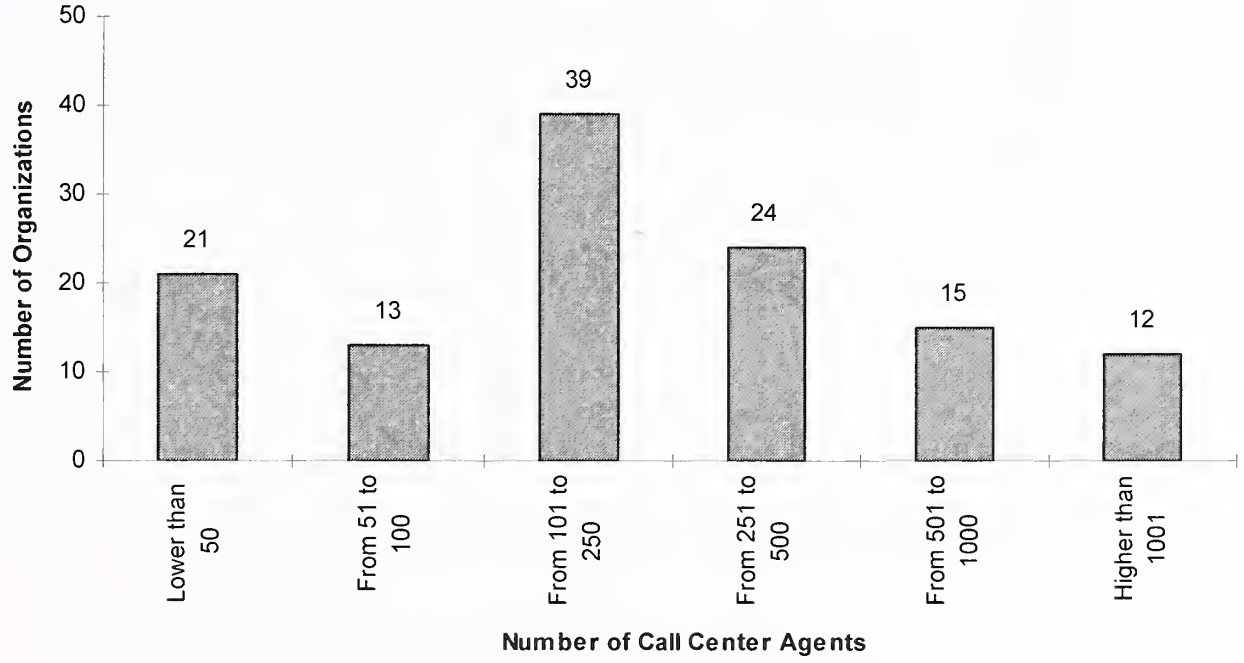
4. Human Resources: A Tricky Concern

IT equipment and technologies play an important role within call centers. However, call center resources are primarily human resources. They often remain one of the major concerns of US organizations as, in any case, customers directly interact with call center agents. The nature of agents' profiles is fundamental and depends on the call center's missions.

Exhibit IV-7 shows that the average number of agents per call center is high in the US. Compared to Europe where the majority of organizations interviewed within the research have fewer than 50 call center agents, most US call centers exceed 100 agents. This difference can be explained by the nature of the US economy.

Exhibit IV-7

Number of Agents per Call Center - US, 1997



Sample of 124 US Organizations *Source: INPUT*

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But, as call centers are increasingly addressing customer care issues, US organizations have to reconsider the profile of their current call center agents. Not surprisingly, Customer Service Representatives (CSRs) employment will peak because:

- Traditional telesales and telemarketing activities are reaching a limit
- Companies are now focusing on CSRs who have great capabilities in providing customer service
- Costs are increasing and recruiting is more difficult.

Other key issues include human resources management and the communication between people. Call centers of more than 100 agents which are large organizations in the US are frequently spread across different floors, rooms or sites. In such case, one of the most critical issues is communication and the openness of informal communication channels. As the size of a call center increases, the biggest challenge for US organizations is to maintain a balance between control and people development.

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C
Key Performance Metrics

1. Major Call Center Metrics

Metrics are used to measure service quality and efficiency. They represent an essential measurement tool to size the call center and encourage agents in their day-to-day work. According to US organizations, major metrics used are:

1. Inbound calls:

- Number of calls handled per hour/day/agent
- Average handling time and/or response time
- Number of calls transferred
- Allocation of calls
- Number of queues per day/hour
- Number of abandoned calls per day/hour
- Post-call work

2. Outbound calls:

- Number of calls handled per hour/day/agent
- Post-call work

3. Number of calls via the telephone, the fax and/or the Internet

4. Average agent talk time

5. Average cost per call

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Exhibit IV-8 summarizes a number of major metrics used by US organizations when measuring their call center activity.

Exhibit IV-8

Major Call Center Metrics – US, 1997

In-house Metric	Rating
Average number of inbound calls (per person per day)	94
Average number of outbound calls (per person per day)	46
Average time allocated per call	4.3 mn
Percentage of calls transferred	10%
Percentage of part-time employee	14%

Source: INPUT

The average cost of an inbound call is estimated at 177 cents. However, such a cost is difficult to evaluate as it depends on the time allocated to the call and the content provided to customers: the cost of a call by a medical expert can be the same as a switchboard operator.

Exhibit IV-9 gives a breakdown of the average number of inbound calls per agent. Although the average is 94 calls per day per agent, two types of call centers seem to exist:

- Those managing low volumes of inbound calls, generally under 60 per cent per day
- Others having an important volume of inbound calls typically over 100 per cent per day.

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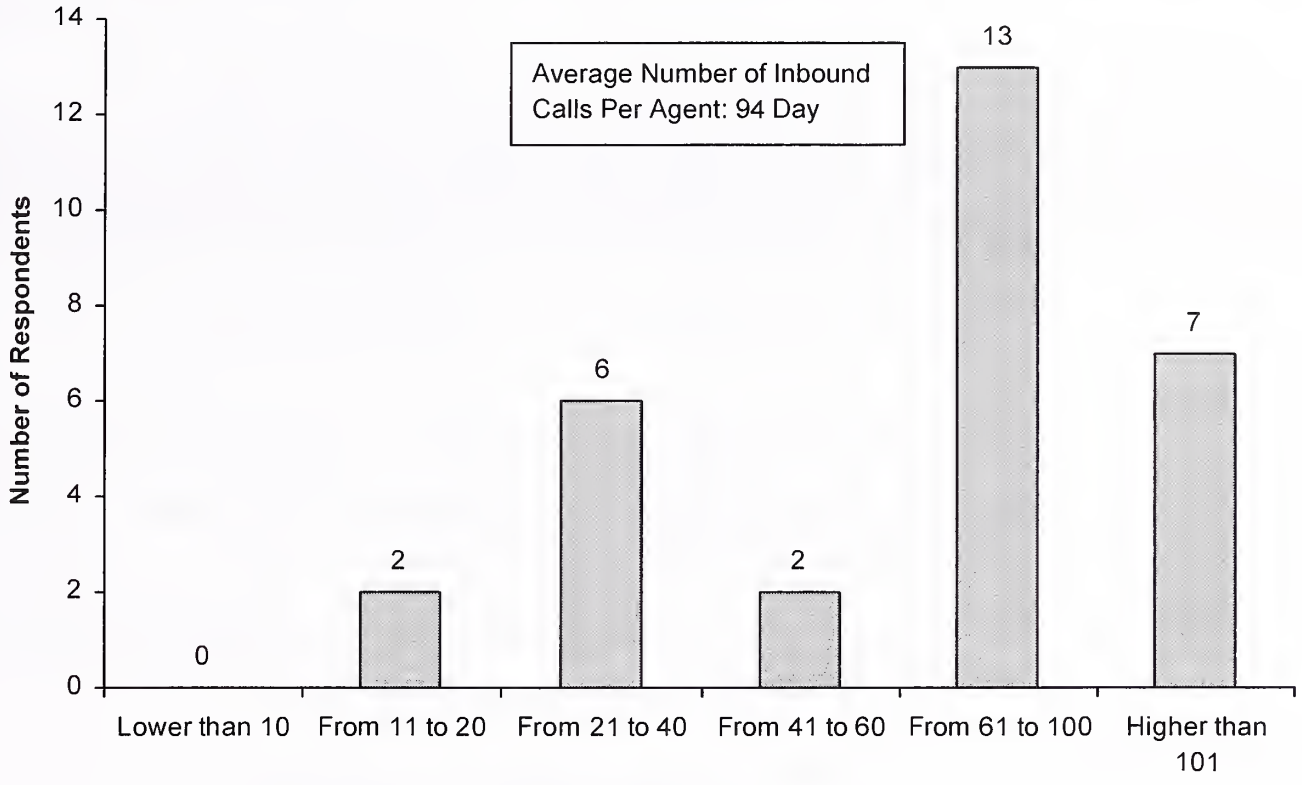
Exhibit IV-9

Average Number of Inbound Calls per Agent - US, 1997



Sample of 30 US Organizations *Source: INPUT*

It is important to note that:

- Performance metrics should not only be based on efficiency rates, such as the number of calls performed, automatically provided by reporting tools

- But should also take into account the quality of call reception and agents' answers. Conventional call center performance criteria such as the average handling time, the average speed of answer, the wait time have to change to include more qualitative metrics reflecting the value of calls.

Some organizations have already developed in-house applications to measure the quality of inbound and outbound calls including a complete transparency on customer satisfaction feed-back. In addition, their service should include SLAs (Service Level Agreements) which go beyond time response or abandoned calls rates.

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2. Variation in Metrics

According to the nature of the project, call centers have different objectives. Some call centers have to quickly answer all calls, what ever they are, others have to provide consultancy services and, as a consequence, allow much more time per call to customers.

Call center metrics depend on customers profiles and also on the mission of the call center: telemarketing activities, complaint handling, customer information services, technical support. They might considerably differ from one industry sector to another. Moreover, these metrics might change over time as the call center business also evolves.

For example, the average time allocated per call ranges from less than one minute for a water utilities company to more than twenty minutes for a retailer. As a general rule, calls are shorter in the domestic market compared to the business-to-business market.

Exhibit IV-10 lists major factors having a decisive impact on differences in call center metrics.

Exhibit IV-10

Factors Affecting Call Center Performance Metrics - US, 1997

- Mission of the call center
- Industry sector of the company
- Level of resources used

Source: INPUT

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3. Call Center Metrics by Industry Sector

Exhibit IV-11 compares performance metrics by industry sector

Exhibit IV-11

Major Call Center Metrics - Breakdown by Industry Sector – US, 1997

	Number of Inbound Calls		Time Allocated per Call	
	From/To	Average	From/To	Average
Banks / Finance	25-210	97	1-15 mn	4.0 mn
Insurance Companies	100-200	128	1.5-30 mn	5.0 mn
Telecommunications	30-200	84	1-4.5 mn	2.5 mn
Transportation	20-300	97	<1-25 mn	5.6 mn
Utilities	20-150	68	<1-8 mn	4.5 mn
Distribution	35-200	79	1-20 mn	4.4 mn

Sample of 62 US Organizations *Source: INPUT*

The average time allocated per call is:

- Lower in the telecommunications and banking sectors
- Higher for insurance companies and in the transportation sector
- Similar to the market average in utilities and the distribution sector.

The number of inbound calls are:

- Very high for insurance companies which is the most advanced sector regarding call center usage
- Quite low for utilities companies.

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4. International Comparisons

Exhibit IV-12 lists call center metrics from three major European countries compared to the US:

- The average time allocated per call is equivalent to Europe except in the UK where it is a little longer
- The percentage of part-time employees is lower than in France and the UK and similar to Germany. German and US organizations have already implemented some major changes in CSRs' working conditions. They encourage CSRs to have a full-time activity rather than a fragmented one through a part-time job
- The number of inbound calls per day and per agent is the highest. Only the UK has similarities to US. This discrepancy is due to:
  - A higher usage of automated systems and functions such as CTI allowing CSRs to considerably improve call reception
  - A low rate of calls transferred, the majority of them being directly managed
  - More human resources allocated to call center operations.

Exhibit IV-12

Major International Call Center Metrics, 1997

	France	Germany	UK
Average number of inbound calls (per person and per day)	64	75	84
Average number of outbound calls (per person and per day)	36	27	50
Average time allocated per call	4,2 mn	4,3 mn	4,8 mn
Percentage of calls transferred	NC	16%	17%
Percentage of part-time employees	39%	12%	20%

NC: Not Communicated *Source: INPUT*

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Call Center Operations Outsourcing

A
Major Call Center Operations Outsourced

1. Complaint Handling Is the Most Outsourced Function

Twenty five per cent of US organizations fully outsource at least one call center or regularly subcontract specific functions such as complaint handling. However, only 7% of the call center activity in the U.S. is handled externally. When call center activities are related to customer care functions, US organizations prefer to keep them in-house.

As shown in Exhibit V-1, the principal functions that are currently handled externally are complaint handling, debt chasing, telesales and telemarketing activities. The willingness to subcontract these functions arises from:

- The importance given by US organizations to customer service. As most US customer service management companies started as credit card companies operating store cards and large-scale credit funding they naturally developed capabilities in debt chasing and complaint handling. For example, SPS and First Data Resources both have similar origins handling millions of customer accounts for a small number of large companies.

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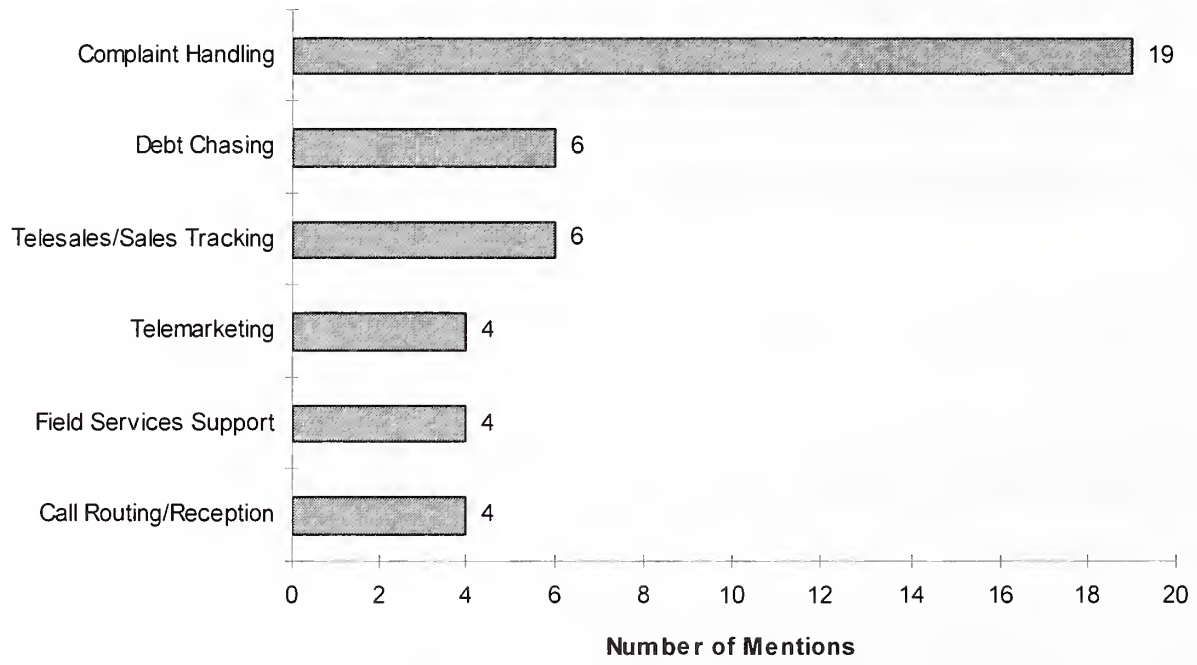
- The difficulty of anticipating call center volumes, and, consequently, deploying the appropriate level of human resources
- The existence of established telemarketing and telesales agencies.

Exhibit V-1

Principal Call Center Activities Outsourced - US, 1997



Sample of 130 US Organizations *Source: INPUT*

2. Financial Services and Distribution Are Most Inclined to Call Center Outsourcing

Exhibit V-2 presents US industry sectors propensity to partly or fully outsource call center activities:

- Financial services are the most open sector to call center outsourcing, 15% of banks or finance organizations already use external providers. This sector currently uses external assistance for complaint handling
- Organizations in the transportation sector are focusing on the management of large volumes of calls. As in the distribution sector, organizations are now seeking customer information service providers

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- The distribution sector uses external call center services providers for debt chasing, telemarketing activities and lead generation. This industry sector is now looking at customer information service assistance

- Although a higher level of outsourcing is expected by US telecommunications operators, they do not like to outsource their contact with the customer. Consequently, they are putting more emphasis on the front-end systems used to support customer service and/or are eager to staff call centers with the proper skills. New entrants such as alternative operators or Internet Services Providers (ISPs) are particularly prone to outsourcing their front-office activities such as their call center organization or their front line help-desk

- Insurance companies and utilities are resistant to outsourcing and prefer to control their call center operations by staying in-house. In the insurance sector, the confidentiality of customer data acts as a brake upon full call center outsourcing.

Exhibit V-2

Principal Call Center Activities Outsourced Breakdown by Industry Sector – US, 1997

Industry Sector	Percentage of Call Center Activities Fully Handled Externally	Most Outsourced Functions
Banks / Finance	15%	Complaint Handling Telesales / Sales Tracking / Telemarketing
Distribution	12%	Debt Chasing Telesales / Sales Tracking / Telemarketing Field Service Support
Transportation	10%	Calls Management Telesales / Sales Tracking Customer Information Services
Telecommunications	9%	Debt Chasing
Insurance Companies	0%	-
Utilities	0%	-

Source: INPUT

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B
Reasons for Outsourcing Call Centers

1. Technical Competence and Human Resources Availability

In most cases, the outsourcing option for none core activities is a natural consideration for US organizations. Exhibit V-3 lists major reasons driving organizations to outsource their call center activities. Major reasons mentioned include:

- The professionalism of the provider when implementing call center services and delivering service quality
- The vendor flexibility and proactiveness which become a major factor when 24h/24 capabilities is demanded
- The vendor capability to organize, manage and motivate call center staff
- The potential to rationalize costs especially those related to human resources as fixed costs are transformed into variable costs, and to concentrate on core business.

Exhibit V-3

Reasons for Outsourcing Call Centers - US, 1997

1. Technical competencies and human resources availability
2. Ease of managing overload activities
3. Simplification of human resources management
4. 24h/24 and 7/7 capabilities
5. Solution less expensive and higher return on investment

Source: INPUT

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2. Some Inhibitors Still Exist

However, most US organizations are reluctant to outsource call center activity they consider this activity to be a strategic issue. As a matter of fact, only 7% of them fully outsourced this function. As a comparison, US organizations propensity to outsource is lower than in the UK and Germany where 12% and 13% of companies respectively fully outsource their call centers .

Exhibit V-4 lists major inhibitors to call center outsourcing according to US organizations.

Exhibit V-4

Inhibitors for Outsourcing Call Centers - US, 1997

- Company policy
- Global capabilities and competence of vendors
- Loss of customer interface
- Service quality provided by vendors
- Reduction of external costs

Source: INPUT

The result is that US organizations are:

- Skeptical regarding vendors' capabilities to provide a full range of call center services with a high level of expertise and quality
- Restricted in their choice due to internal company or group policies, especially those with international activities
- Conscious that outsourcing is not the only way to reduce operational costs.

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C
Facilities Seem Adequate To Meet Future Needs

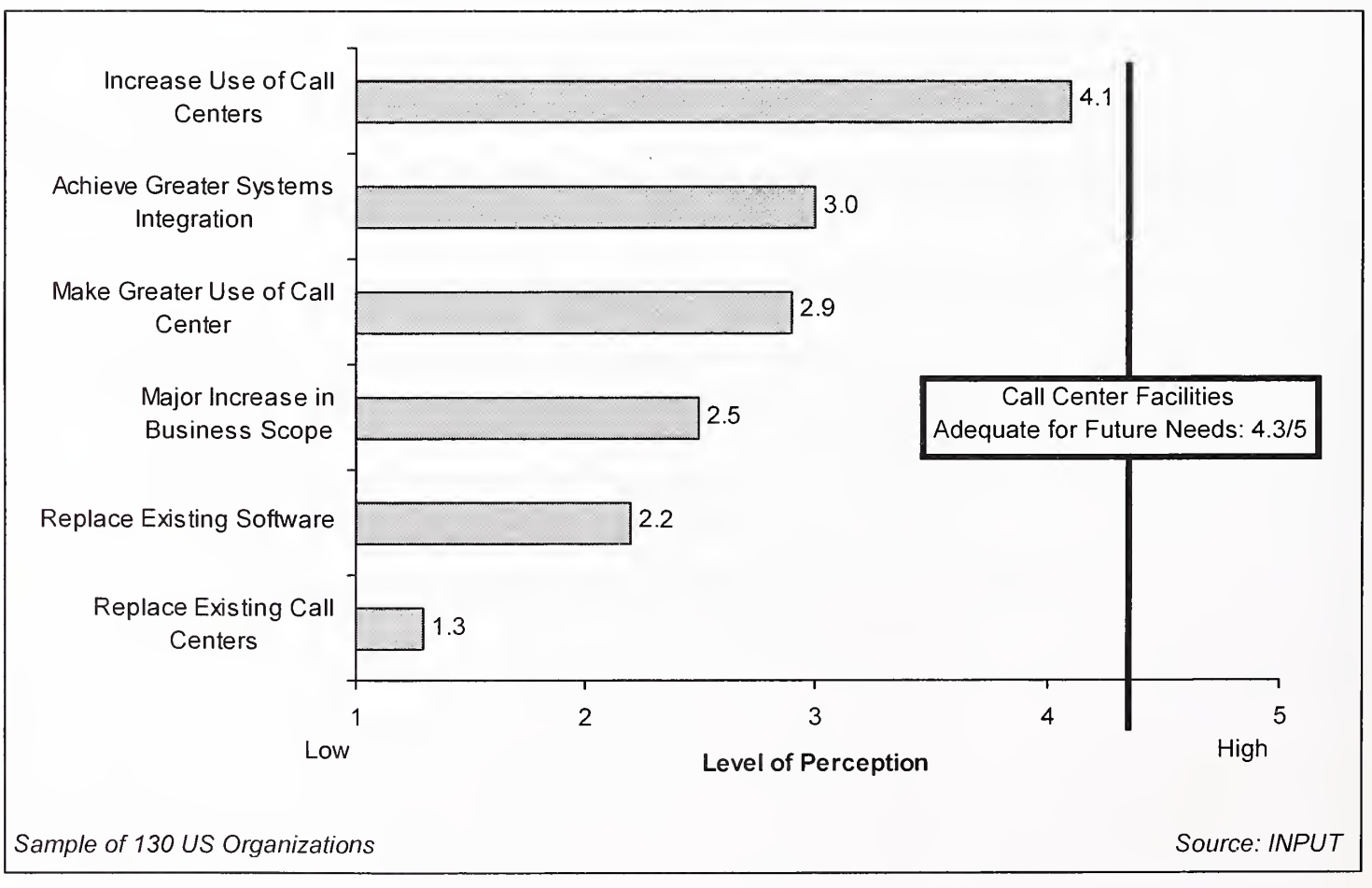
1. Organizations Will Increase Their Call Center Usage

Customers are increasingly asking more questions and, as a consequence, the number of calls is increasing within call centers.

Exhibit V-5 illustrates this common phenomenon, US organizations indicating an increasing usage of call centers as a major business trend. US organizations seem satisfied with their current resources and state they are adequate for their future needs in terms of IT infrastructure and staff. Most of them already have a well developed IT infrastructure base. As a consequence, call center evolution will have little effect on the information system apart from leading to some expected upgrading. Only 9% of US organizations will restructure or replace their current IT infrastructure.

Exhibit V-5

Call Center Evolution - US, 1997-2002



Sample of 130 US Organizations

Source: INPUT

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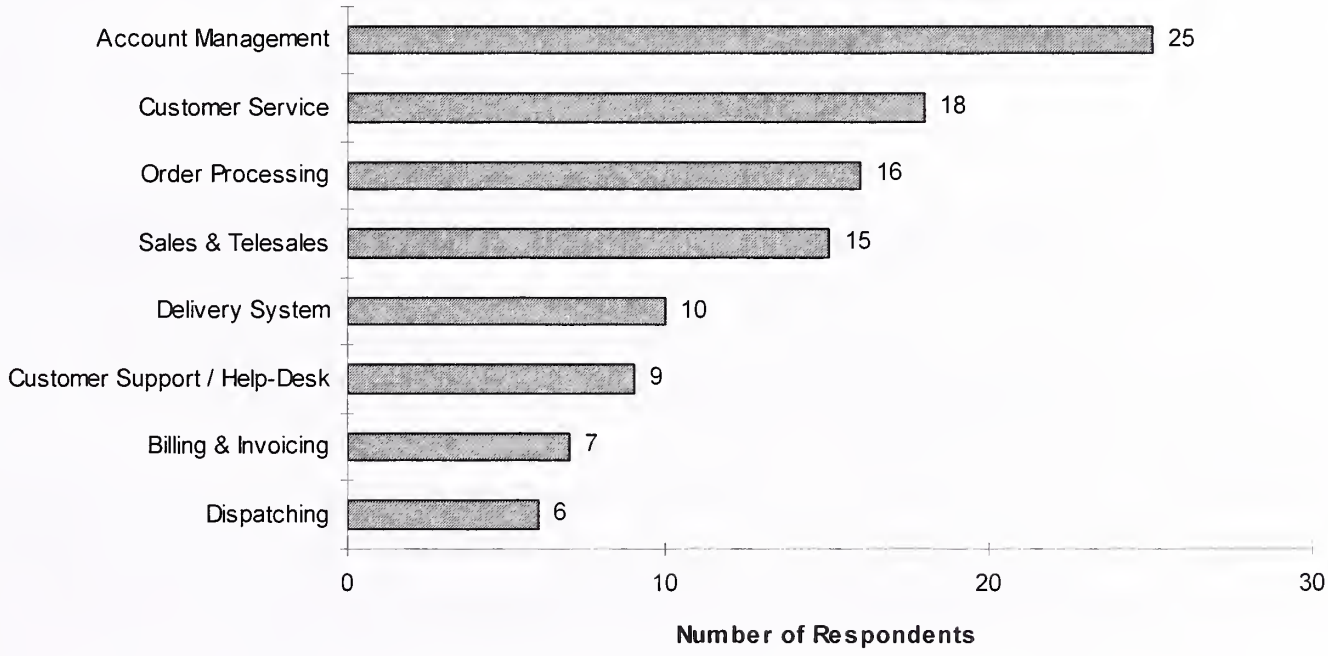
2. Some Information Systems Will Be Reviewed

However, as shown in Exhibit V-6, call centers will change to accommodate move to new activities such as account management, customer service and order processing. Then, US organizations might be obliged to reconsider and/or review their call center processes in order to:

- Adapt the new missions of their call centers from complaint handling, debt chasing or telesales activities to an integrated approach focused on customer care management

Exhibit V-6

Future Call Center Usage - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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Such a move involves change for the call center people, the processes and the technology used. As a consequence, one organization out of four expects these changes to have a significant impact on their current IT applications and systems. The increasing use of new operating systems and the deployment of new complicated technologies implies two levels of integration: computers with telephony and applications software products with existing information systems.

US organizations emphasize the importance of managing call center activity particularly operational and human issues. It is never sufficient to:

- Install the appropriate IT system without planning the complete working environment
- Change the telephone system without giving customer care training.

Because customer contact is the heart of business activity, implementing a call center necessarily has a major impact on business organization. Call centers are complex and success requires a host of key decisions to be taken - each helping to define the capabilities of the final system. Operating a call center begins with a review of the organization's customer contact and staff.

In some cases, it is essential to develop call center benchmarks to analyze and compare planned or existing call center operations in order to ensure a best practice solution. Such benchmarks assess all aspects of the call center service from organizational to human and technical issues.

Major IT services that US organizations will require include:

- IT infrastructure restructuring and development
- New technology integration and improvement
- Human resources recruiting and training
- Business process changes
- Establishing benchmarks for performance.

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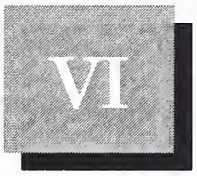

User Satisfaction With Call Centers

A
User Satisfaction With Call Center Operations Services

1. High Level of User Satisfaction With In-house Services

Exhibit VI-1 lists the satisfaction of US organizations with their internal call center operations services. The overall satisfaction is high and rests on the following:

- Staff competence based on people expertise and responsiveness
- Flexibility and adaptability of human resources
- Call center operations flexibility and ability to manage high volume and/or peaks of calls
- Large usage of automated systems and new technologies such as CTI and the Web allowing better client interfaces and quicker call processing.

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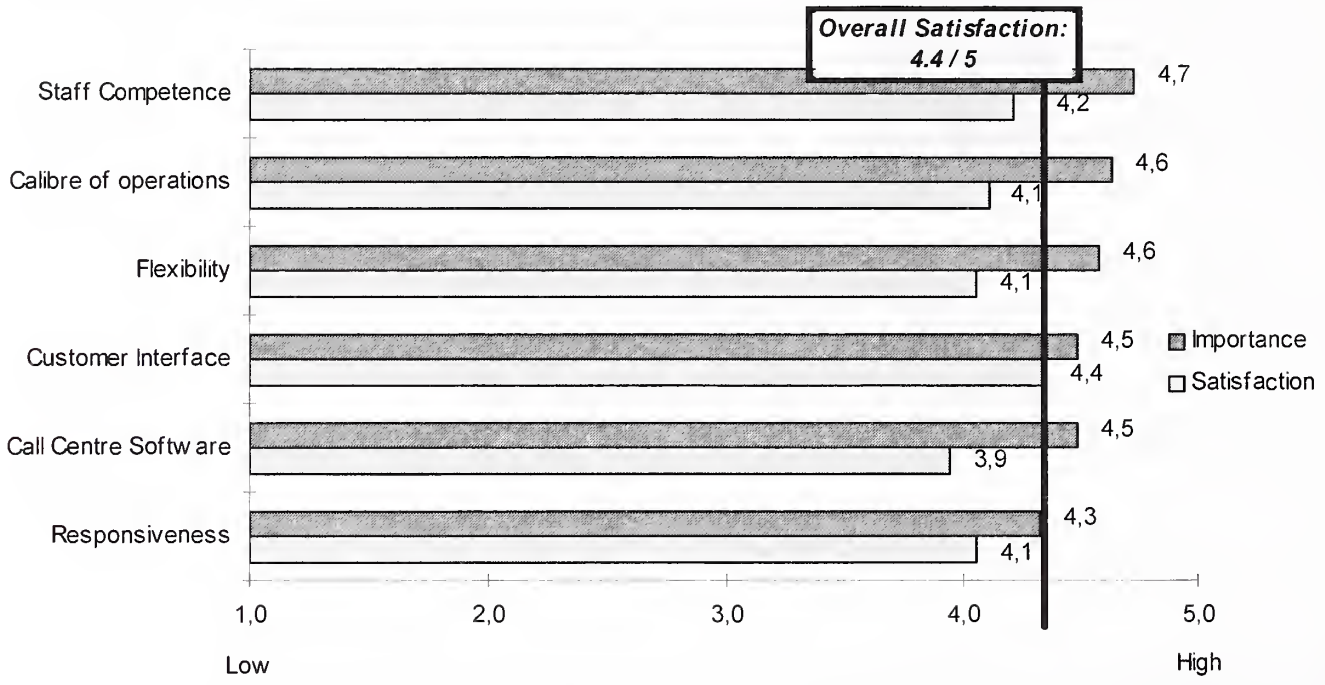
Exhibit VI-1

User Satisfaction With In-house Call Center Services - US, 1997



Sample of 130 US Organizations *Source: INPUT*

Other points US organizations like about their current internal call center operations include:

- Control of call center activities
- The provision of an efficient and valuable solution
- Customer intimacy and closeness
- Effective usage of IT and new technologies.

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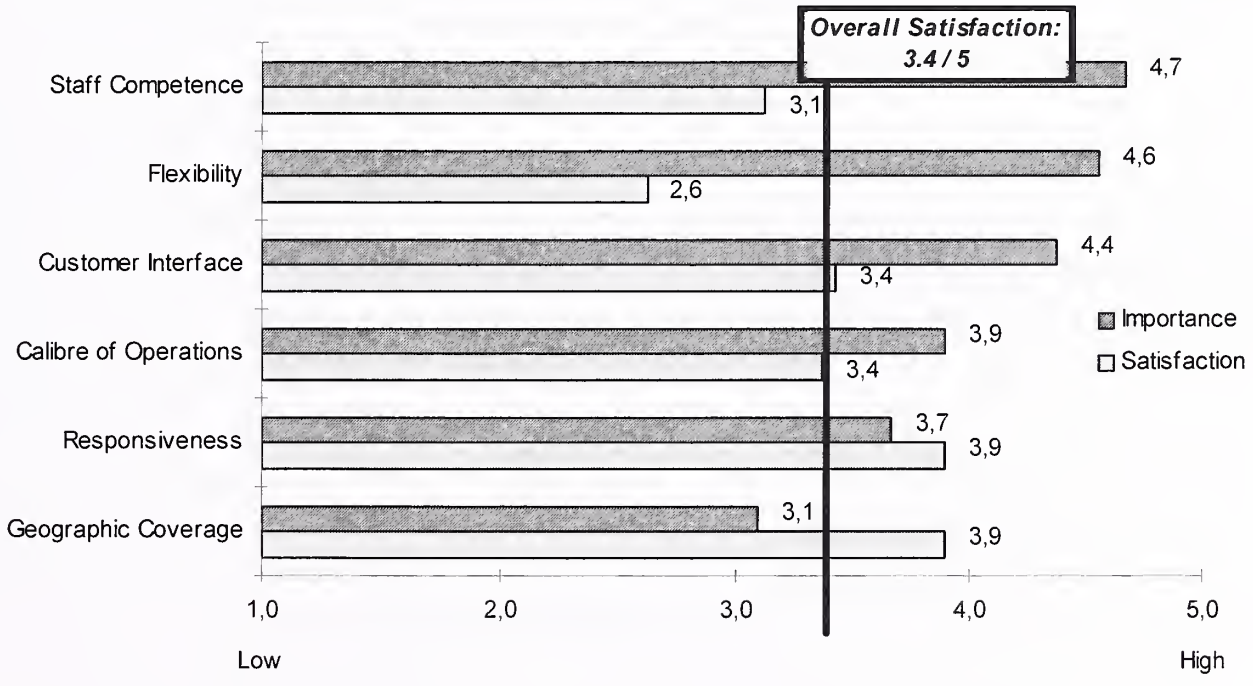
2. External Call Center Services Require Improvement

Exhibit VI-2 lists user satisfaction with a range of call center characteristics. Staff competence and flexibility are the most important elements of vendor service provision. Vendors should focus on developing offerings that provide:

- Flexibility and modularity to adapt the service offering to client business changes
- Development of customer intimacy and closeness
- Competent and experienced staff, competent in handling difficult customers.

Exhibit VI-2

User Satisfaction With External Call Center Services - US, 1997



Sample of 28 US Organizations Handling External Call Center Services *Source: INPUT*

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One of the factors that most affects call center performance is the ability of agents to maintain energy levels and interest and to achieve individual satisfaction and motivation.

Recruitment campaigns must also bring in career minded people. Operating an efficient call center service needs a competent and motivated team having a world class attitude.

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B
User Satisfaction With Call Center Software Products

US organizations are composed of two categories regarding their usage of call center software products:

- 39% have developed in-house a specific call center application
- The others use:
  - Software products already integrated in the telecommunications equipment provided by hardware vendors such as Lucent Technologies, AT&T, Northern Telecom, Rolm or Rockwell,
  - Dedicated software products coming from specialized software vendors such as Aspect Telecommunications or Scopus Technology.

1. Organizations Are Satisfied With Software Products

Exhibit VI-3 provides a comparison between the importance of principal software functions and the satisfaction US organizations have with their software products. In general, organizations are satisfied with products. Products are typically perceived to be:

- User friendly and easy to use
- Modular and flexible to company environment
- Easy to integrate
- Functional
- Simple to customize
- Well supported
- Scaleable and with regular updates.

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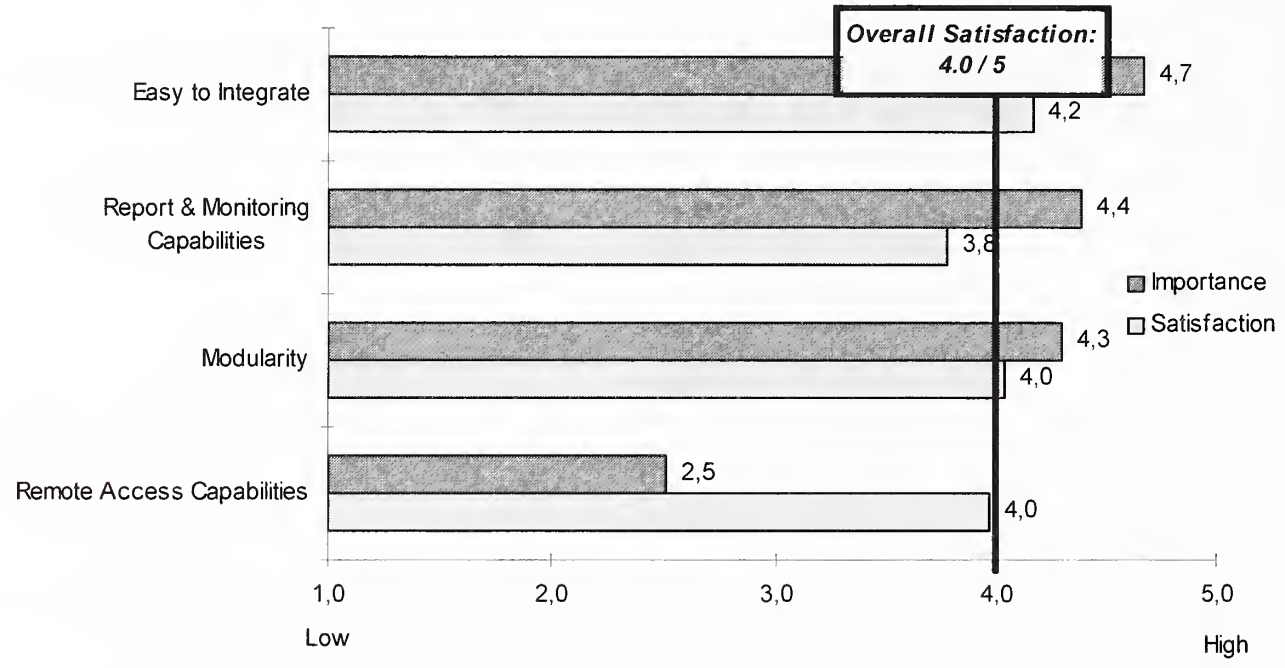
Exhibit VI-3

User Satisfaction With Call Center Software Products - US, 1997



Sample of 130 US Organizations *Source: INPUT*

US organizations want software products to:

- Deliver fast response providing instant customer case histories, incorporating knowledge bases for quick problem resolution and speeding up auto-escalation of unresolved problems
- Provide real time and detailed management information providing visibility on service level agreement (SLA) accomplishment, asset and human resources management
- Be a powerful scripting tool for Customer Service Representatives (CSRs) by automating time consuming routines, customizing their business needs and giving them easy access to knowledge databases for quick problem resolution.

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2. Some Product Features Require Enhancement

53% of US organizations interviewed have no complaint with their current software products. However, Exhibit VI-4 lists some major dislikes that are regularly mentioned when operating call center software products.

Exhibit VI-4

Major Dislikes With Call Center Software Products - US, 1997

1. Slowness of the system (e.g. access time too long)
2. Too expensive especially for maintenance and management
3. Rigidity of the product
4. Not DOS based and obsolete GUI
5. Difficult to integrate

Source: INPUT

US organizations estimate that software products have now to:

- Be fully user configurable to improve productivity
- Include e-mail facilities
- Integrate Internet options allowing extensive use of hypertext and hyperlinks
- Interact with CTI and datawarehousing systems.

Major ways of improving call center software products are:

- Ease of customization using RDBMS with search capabilities and Web design
- Low cost of implementation and support
- Regular updates

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- Wintel compatible (standard products vs tailored)
- Modularity
- Reporting and graphing capabilities (GUIs such as drag and drop, feed-back capabilities)
- Distributed object orientated (e.g. Corba compliance), API configurable and now Java leverageable

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C
Ways of Improving Call Center Operations Services

1. In-house Services

Although 43% of US organizations have no areas of dissatisfaction with their current call center operations, there exist some ways of improving internal services. Exhibit VI-5 lists some areas that should be improved by US organizations:

- Increased usage of new technologies and automated systems
- Better management of human resources including:
  - Recruiting and training to enhance staff skills
  - Improved working conditions and environment as to motivate people doing their job
  - Changes in current planning structure and organization.

Exhibit VI-5

Improvement of In-house Call Center Services - US, 1997

1. Increased integration of new technologies (CTI, Internet, multimedia)
2. Improved people management including staff training and motivation programs
3. Closer relation with other enterprise departments (marketing, sales, production...)
4. Better measurements for success including performance benchmarks
5. Change business processes

Source: INPUT

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While new technologies have provided enormous new call center capabilities, they have not eliminated the natural barriers that exist between people who work in groupware environments, including:

- The difficulty of being an integral part of a unified team when working in different places and/or at different times
- The informal way agents meet customers as all contacts are done remotely with few opportunities to meet people on-site
- Difficulty in knowing which information to share

To provide a much more efficient combination of people, processes and technology than their competitors, US organizations should:

- Create a customer-focused culture
- Develop on-going monitoring techniques to improve quality and service
- Recruit, train, coach, motivate and reward capable people
- Achieve optimum and continuous service quality from temporary and contract staff
- Implement skill based routing to optimize internal skill utilization
- Use the staffing policy as a key market differentiator
- Manage flexibility.

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2. External Services

Call center service providers should demonstrate their expertise in achieving greater service quality and their ability to support specific business functions. Exhibit VI-6 lists major improvements expected by US organizations.

Exhibit VI-6

Improvement of External Call Center Services - US, 1997

1. Improve staff skills
2. Develop business function expertise
3. Ask for experts when specific skills are demanded
4. Pay particular attention to quality control
5. Develop incentives and motivation programs

Source: INPUT

Regarding staff skills, most vendors that have developed an expertise in specific call center activities such as overload, telemarketing or telesales, are currently providing related solutions in response to client demands. However, though these vendors face a sustained growth in these new call center service areas and have a good reputation for their original offering, some of them do not seem to have the capability to support this diversification.

Lack of top management commitment is also leading to poor service for many customers across a whole range of products and services. This should be addressed through:

- Customer feedback to identify improvements
- Adapted training and incentive plans to motivate employees to deliver excellent service
- Recognition and reward of service excellence.

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Leading call centers are now using a collaborative approach in creating a supporting organization. Some organizations no longer have supervisors and managers but team coordinators, each with a certain number of team members to coach and manage. Teams are multi-skilled, offering job enrichment to each agent.

Another important issue is the development of a call center environment where agents can perform to the best of their ability and therefore improve service quality. Some call centers already include sporting areas where people can relax swimming, playing aerobics or other sports, anti-stress rooms, full restaurant facilities, coffee bars, self-help computer-based training centers and resource libraries. Taking care of call center employees who perform a stressing job encourages them to care about customers as well.

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Vendor Evaluation

A
Software Vendor Evaluation

1. Call Center Software Vendors Have Low Visibility

Most US organizations are unaware of the major call center software vendors:

- Only 9% mentioned a vendor they are most likely to evaluate. Exhibit VII-1 gives the list of those who are cited
- 26% do not know whom they should approach to buy a call center software product
- 22% have not yet thought about it
- 16% would not disclose the vendor name as it is a strategic and confidential decision
- 9% are not in any call center software evaluation process as they have already implemented a solution
- 3% plan to do in-house developments in the future.

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Exhibit VII-1

Call Center Software Products
Most Likely to Be Evaluated - US, 1997

- Aspect Telecommunications	- Siemens
- Lucent Technologies	- Rockwell
- Northern Telecom	- Telecode Center
- AT&T Solutions	

Sample of 11 US Organizations *Source : INPUT*

The software products mentioned cover a range of functions, including:

- Management of ACD and PABX interfaces or CTI links (often provided with telecommunications equipment (e.g. Lucent Technologies, Northern Telecom, Siemens, Rockwell)
- Automation of marketing and sales functions
- Optimization of call processing and related functions.

Some organizations specify their intention to invest in:

- Scheduling software
- Integrated software systems from current databases
- Agent management software.

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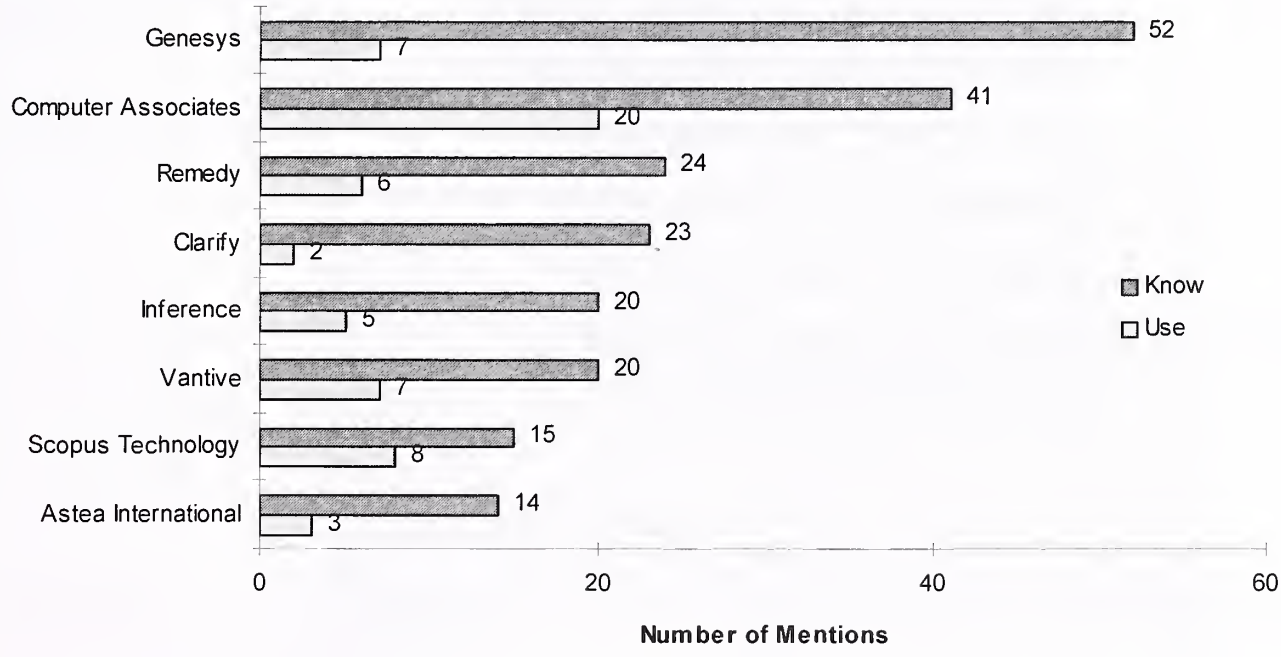
However, when names of call center software vendors are suggested to US organizations, most of them are able to evaluate them. Exhibit VII-2 lists software vendors that are well known and currently used by organizations.

Some software vendors such as Genesys, Scopus Technology, Aspect Telecommunications, Clarify, Inference, Remedy, Utopia Partners, Vantive or Astea International, specialize in call center products and have developed an in-depth expertise in this segment. For example, Inference is focusing on case-based reasoning systems (CBRs). Others such as Computer Associates have a more general product range and provide systems management solutions.

Exhibit VII-2

Major Mentions of Call Center Software Vendors (prompted) - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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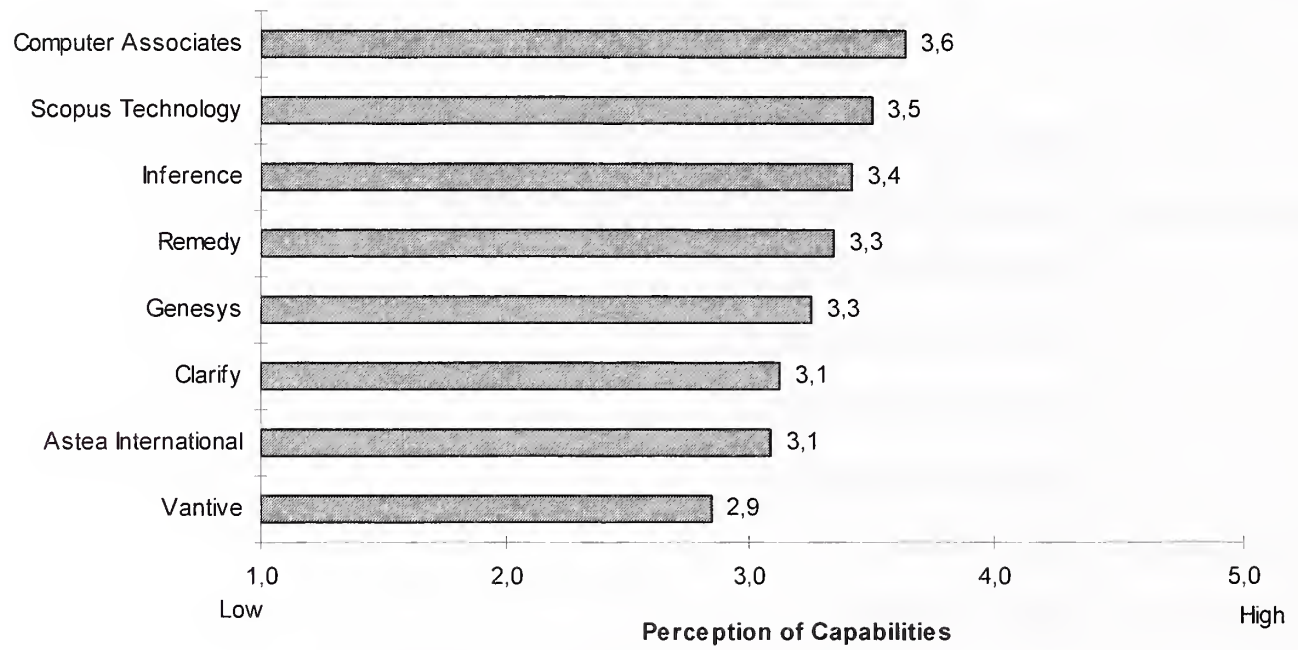
2. New Software Vendors Must Emphasize Product Marketing

The recent development of specialized call center software packages and lack of promotion in this area might explain US organizations' lack of knowledge of major call center software vendors.

In any case, it is urgent for call center software vendors to develop an aggressive marketing campaign to train and educate US organizations about their products and services and change the perception they have about their capabilities.

Exhibit VII-3

Perception of Call Center Software Vendors - US, 1997



Sample of 130 US Organizations *Source: INPUT*

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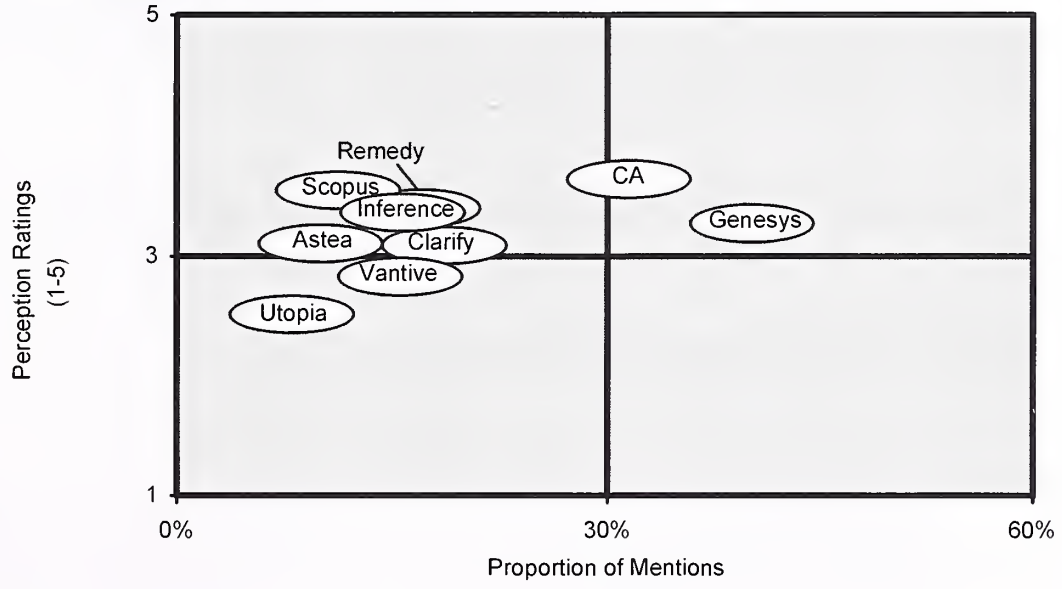
Exhibit VII-4 positions a number of major call center software vendors according to the number of mentions and the perception ratings of their capabilities from US organizations:

- Genesys is the best positioned on the market regarding the number of mentions as well as the perception of its capabilities
- A challenger might be Computer Associates but the company is essentially known for its systems management products
- Clarify, Remedy, Inference, Scopus Technology and Astea International have to demonstrate their expertise and increase their product marketing
- Vantive and Utopia have to improve their market perception.

Exhibit VII-4

US Organizations' Perception of Call Center Software Vendors (prompted) - US, 1997



CA: Computer Associates
Sample of 130 US Organizations

Source: INPUT

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B
Services Vendor Evaluation

1. Large Variety of Vendors Makes Evaluation Difficult

US organizations have a selective knowledge of call center service vendors. As well as software vendors There is intensifying competition for all call center business areas as call centers are increasingly viewed by both customers and vendors as part of an overall sophisticated customer relationship management. Besides traditional call center management vendors, competitors include other categories of vendors such as:

- Strategic consultants (e.g. Booz Allen)
- Industry specialist firms (e.g. Broadway & Seymour in banking, assistance companies, Reuters in information service)
- Major systems integration vendors (e.g. TSC)
- Business function outsourcers (e.g. Andersen Consulting, EDS, CSC)
- Telemarketing agencies (e.g. Matrixx)
- Telecommunications operators (e.g. AT&T, MCI, Nynex, RBOCs)
- Hardware manufacturers (e.g. IBM)
- Software vendors (e.g. Aspect Telecommunications)

The emergence of a varied group of competitors has several implications for call center specialists. For example, sales channels and decision makers may be different. A broader range of skills may be needed. Some call center assignments may be part of a larger system integration project or outsourcing project. The large variety of solutions that can be provided makes it difficult for organizations to position services vendors on the market and to evaluate their solutions. Often, buyers confused hardware vendors that only provide IT or telecommunications equipment with systems integration vendors and/or business operations outsourcers.

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Exhibit VII-5 shows the number of mentions of each services vendor suggested to US organizations and shows the different nature of vendors listed.

Exhibit VII-5

Mentions of Call Center Services Vendors (prompted) - US, 1997

Sample of 130 US Organizations *Source: INPUT*

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2. Disparity in Services Vendor Perception

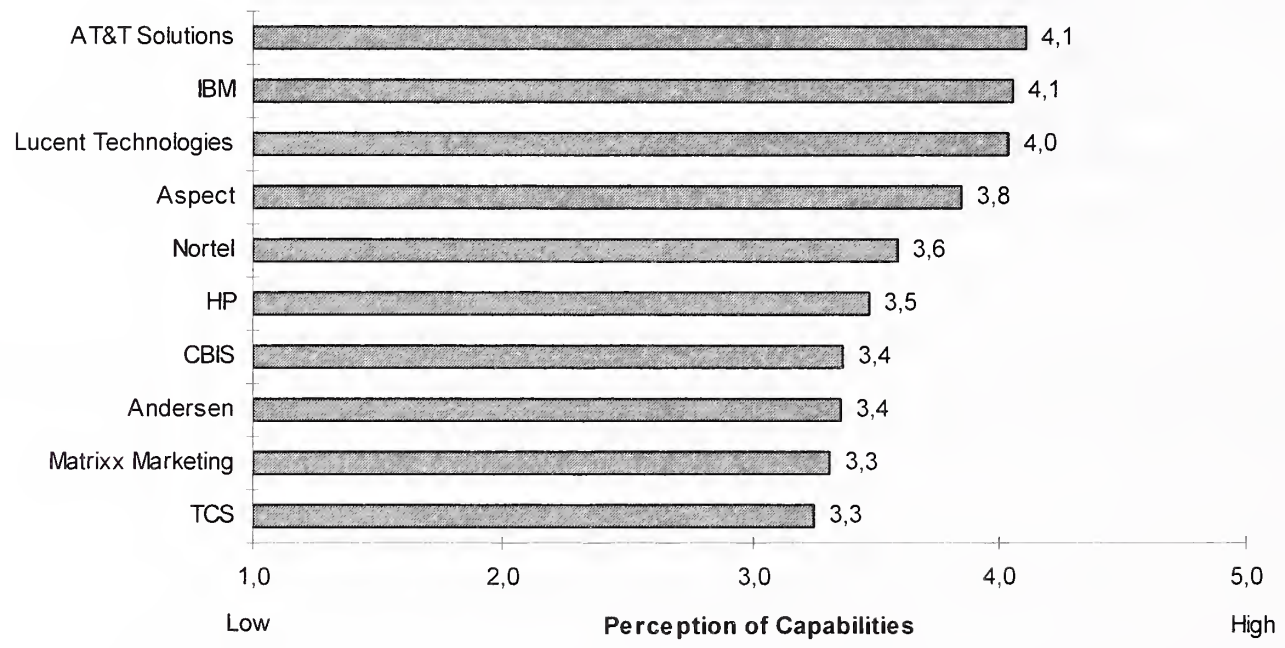
In terms of capability evaluation, ratings range from 2.7 to 4.1. This difference results from:

- The high level of call center activities handled in-house and hence the lack of knowledge of external services providers
- A greater demand for in professional services and systems integration than for operational services

Exhibit VII-6 presents a vendor ranking by perception rating

Exhibit VII-6

Perception of Call Center Services Vendors - US, 1997



Sample of 130 US Organizations

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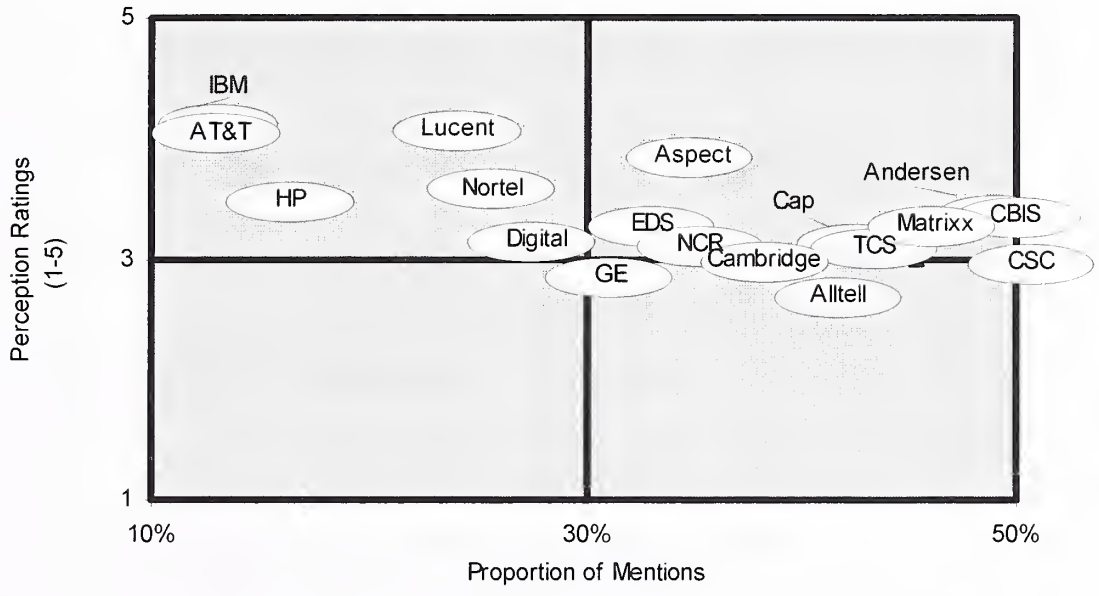
Exhibit VII-7 positions call center services vendors according to the number of mentions and the perception ratings of their capabilities from US organizations.

Exhibit VII-7

US Organizations' Perception of Call Center Services Vendors (prompted) - US, 1997



AT&T: AT&T Solutions; Aspect: Aspect Telecommunications; Cap: Cap Gemini America
Cambridge: Cambridge Technology; GE: General Electric; Nortel: Northern Telecom
Andersen: Andersen Consulting; Lucent: Lucent Technologies; Matrixx: Matrixx Marketing
Sample of 130 US Organizations

Source: INPUT

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C
Vendor Selection Criteria

1. User Friendly and Integration Capabilities for Software Products

Although the price of a software product is still a key selection criteria, US organizations are also sensitive to:

- User interface which should be simple and casual
- Compatibility and simplicity of integration with other legacy call center systems
- Adaptability to work with a networked environment based on new technologies such as Internet and the Web.

Exhibit VII-8 lists major criteria for choosing call center software vendors according to US organizations.

Exhibit VII-8

Major Reasons for Choosing Call Center Software Vendors - US, 1997

1. Low price
2. User friendly
3. Functional
4. Easy to integrate and compatible
5. Reliable

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2. Services Vendors Should Demonstrate Staff Skills

Exhibit VII-9 presents US organizations' major reasons for selecting a call center services vendor. Key vendor selection criteria include:

- Technical and people skills
- Service quality provided and quality control done
- Vendor references in the call center area under evaluation.

Most organizations are likely to be assisted by consultancy companies in selecting the solutions and, possibly the vendor that could best fit their needs.

Exhibit VII-9

Major Reasons for Choosing Call Center Services Vendors - US, 1997

1. Staff skills
2. Flexibility and responsiveness
3. Service quality
4. Customer interface relationship
5. References

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Questionnaire

The areas covered by this questionnaire relate to Call Center Operations Requirements & Opportunities.

This questionnaire was completed by or on behalf of Customer Service Directors, Marketing Directors and Chief Information Officers who are directly implicated in Call Center Services Operations.

This questionnaire aims to discover the major issues, objectives and concerns of banks, financial organizations, insurance companies, retailers, utilities, transportation companies as well as telecommunications companies in implementing and operating Call Center Services.

All interviewees receive the executive overview of the survey and a Buyers' Guide presenting the Call Center offering of all vendors sponsoring INPUT market research.

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SECTION A - Current Usage of Call Centers

1. Does your organization currently use either an in-house call center or external call center services? *(please circle)*

a) In-house Yes/No b) External Yes/No

Interviewer - If the Answer is Yes to a) - GO TO Question 2

If the Answer is No to a) but Yes to b) - GO TO Question 4

2. How many call centers does your organization have in-house? _____

3. Can you please provide some basic details concerning the IT infrastructure supporting your in-house call center operations?

Hardware (make/model): _____

Operating System: _____

Telecom Equipment: _____

Call Center Software (Vendor/product): _____

Database: _____

Key Applications: _____

4. What percentage of your present call center activity is handled externally? _____

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5. Which applications are handled internally and which externally? If external, who do you use? *(please tick and name the agency/vendor)*

Application	Uses Call Centre	Internal	External	External Agency Used *(please name)*
a) Overload	☐	☐	☐	----------
b) Calls Collection/Processing	☐	☐	☐	----------
c) Calls Routing/Reception	☐	☐	☐	----------
d) Field Service Support	☐	☐	☐	----------
e) Debt Chasing	☐	☐	☐	----------
f) Complaints Handling	☐	☐	☐	----------
g) Telemarketing	☐	☐	☐	----------
h) Telesales/Sales Tracking	☐	☐	☐	----------
i) Customer Information Services	☐	☐	☐	----------
j) Call Centre Service Provision	☐	☐	☐	----------
k) Other *(please define)*				
----------	☐	☐	☐	----------
----------	☐	☐	☐	----------
----------	☐	☐	☐	----------
----------	☐	☐	☐	----------

(Interviewer - Only use the following topics to stimulate the answer for the vendor category
if necessary and please rotate them: *systems vendor, outsourcing vendor, systems integrator & professional services vendor, call center operations service provider, telecommunications provider, software product vendor, telemarketing vendor, assistance company, etc.)*

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6. Why are some activities handled through external call centers?

_____

_____

7. Where is your call center organization located? *(if multiple call centers, please precise the number located in each country/region)*

Number of Call Centers

a) In your region _____

b) In your country _____

c) Outside your country _____

Please could you precise:

- In which country? .....

- How happy are you with this location?

_____

8. How many people are employed within your call center organization?

Full-time equivalent (8 hours/day basis) _____ of which external (%) _____

Part-time equivalent (4 hours/day basis) _____ of which external (%) _____

Total _____ of which external (%) _____

a) What are the operating costs of your call center organization? _____$M/year

b) Could you estimate the proportion dedicated to:

Hardware equipment: _____%
Software products: _____%
Telecommunications: _____%
In-house operations: _____%

Total 100%

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SECTION B - Satisfaction with Current Call Centers

Satisfaction with Call Center Operations

10. What do you like and dislike about the current provision of services through in-house and external call centers?

Like	Dislike
a) In-house services: ----------	a) In-house services: ----------
----------	----------
----------	----------
----------	----------
b) External services: ----------	b) External services: ----------
----------	----------
----------	----------
----------	----------

11. In what way could these services be improved?

a) In-house services:

b) External services:

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12. How important are, and how satisfied are you with, each of the following aspects of your in-house and external call centers? *(please rate on a scale of 1-5 where 1 = low importance/extremely dissatisfied and 5 = very important/extremely satisfied)* Answer relevant sections

Interviewer note: Please Rotate

	In-house Call Center Services		External Call Center Services	
	Importance	Satisfaction	Importance	Satisfaction
a) Overall	_____	_____	_____	_____
b) Calibre of Operations	_____	_____	_____	_____
c) Call Centre Software	_____	_____	_____	_____
d) Application Interface	_____	_____	_____	_____
e) Staff Competencies	_____	_____	_____	_____
f) Flexibility	_____	_____	_____	_____
g) Reactivity	_____	_____	_____	_____
h) Capability to Manage Remote People	_____	_____	_____	_____
i) Customer Interface	_____	_____	_____	_____
j) Multi-Language Capability	_____	_____	_____	_____
k) 24h/24 Capabilities	_____	_____	_____	_____
l) Geographic Coverage	_____	_____	_____	_____
m) Other *(please define)*				
----------	_____	_____	_____	_____
----------	_____	_____	_____	_____
----------	_____	_____	_____	_____

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13. Can you please rate the level of importance of the following benefits your in-house call center based services might address and the extent to which these have been met ? *(Please rate both on a scale of 1 - 5 where 1 = not important at all/low level of achievement and 5 = very important/objectives completely met)*

Interviewer - PLEASE ROTATE

	Benefits Importance Rating	Level of Benefits Accomplishment
Increase Sales		
Optimize Sales & Marketing Costs		
Improve Customer Satisfaction		
Improved Management of the Bill/Invoice Process		
Understand Customer Needs & Requirements		
Develop Customer Loyalty and Fidelity		
Create & Design New Services and/or Products		
Obtain a Decisive Competitive Advantage		
Other (s) *(please define)*		

Satisfaction with Call Center Products

14. What do you like and dislike about your current call center software products?

Interviewer - PLEASE DO NOT ASK THIS QUESTION TO MARKETING MANAGERS

Like	Dislike
----------	----------
----------	----------
----------	----------
----------	----------

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15. How important are, and how satisfied are you with, each of the following aspects of your current call center software products? *(please rate on a scale of 1-5 where 1 = low importance/extremely dissatisfied and 5 = very important/extremely satisfied)*

Interviewer - PLEASE DO NOT ASK THIS QUESTION TO MARKETING MANAGERS

Product characteristic(s)	Importance	Satisfaction
Overall	_____	_____
1) Modularity	_____	_____
2) Easy to Integrate	_____	_____
3) Reporting & Monitoring Capabilities	_____	_____
4) Remote Access Capabilities	_____	_____
5) Other *(please define)*	_____	_____

_____

SECTION C - Future Development of call centers

16. What are the major issues or challenges facing your company in providing call center services?

_____

_____

17. How adequate are your current call center facilities to support future business needs? *(please rate on a scale of 1-5 where 1 = not at all satisfactory and 5= very satisfactory)*

_____

17. To what extent do you need? *(please rate on a scale of 1-5 where 1 = low intention and 5 = high intention)*

a) To increase your use of call centers over the next 2 years _____
b) To replace your existing call center(s) _____
c) To replace existing call center software _____
d) To achieve a greater integration between call center software and other applications _____
e) To fit major increase in business scope _____

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f) To make greater use of your call centers by extending the areas it covers _____

19. Which of the following call center applications do you expect to develop in the future? How likely are you to outsource them over the next 2 years? *(please tick)*

Application	Expect to Develop	Internal	External
a) Overload	☐	☐	☐
b) Calls Collection/Processing	☐	☐	☐
c) Calls Routing/Reception	☐	☐	☐
d) Field Service Support	☐	☐	☐
e) Debt Chasing	☐	☐	☐
f) Complaints Handling	☐	☐	☐
g) Telemarketing	☐	☐	☐
h) Telesales/Sales Tracking	☐	☐	☐
i) Customer Information Services	☐	☐	☐
j) Call Centre Service Provision	☐	☐	☐
k) Other *(please define)*			
----------	☐	☐	☐
----------	☐	☐	☐
----------	☐	☐	☐
----------	☐	☐	☐

20. What impact will the future use of call centers have on your current IT applications and information systems?

_____

_____

_____

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21. Do you intend to implement any of the following topics over the next one to three years ?

Interviewer - PLEASE ROTATE

	Currently have	Within one year	In 2 to 3 years
CTI (Computer Telephony Integration)			
ACD (Automated Call Distributor)			
IVR (Interactive Voice Response)			
CBR Systems (Case-Based Reasoning)			
Rule-Based Systems			
On-line Forums			
Internet Services			
Intranet Services			
Web Servers			
Datawarehousing Systems			
Data/Text Mining Systems			
Electronic Cash Processing			
Credit Card Processing			
Video / Multimedia			
Other (s) *(please define)*			

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SECTION D - Sourcing & Buying Process

Call Center Software Products

22. What are the principal criteria you would use to select call center software products?

_____

_____

23. Which call center software products are you most likely to evaluate?

_____

_____

24. Are you aware of each of the following call center software products vendors? How suitable do you believe each of these vendors to be for your organization? *(please indicate if you use or know them and rate their capabilities on a scale of 1 to 5, where 1 = poor, to 5 = extremely capable)*

Interviewer PLEASE ROTATE when needing to read out list

	Use or have used Y/N	Only know Y/N	Unknown Y/N	Capabilities (1-5)
Aspect Telecommunications				
Astea International				
Clarify				
Computer Associates				
Genesys				
Inference				
Remedy				
Scopus Technology				
Utopia Partners				
Vantive				
Other *(please define)*				

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Call Center Operations

Interviewer - If the Answer was Yes to Q1 b), Go through Q24 to Q30 otherwise Go to Q31

25. What external assistance does your organization require to assist its utilization of call centers?

_____

_____

_____

_____

26. To what extent do you require external assistance in each of the following areas: *(please rate on a scale of 1-5 where 1 = no requirement at all and 5= high level of requirement)*

a) Consultancy services to assist you in call center strategy and design _____

b) Implementation services to assist you in call center development _____

c) Operational services to provide call center services on your behalf _____

d) Integration of existing applications with call center software _____

e) Other *(please define)*

_____

_____

27. How much do you spend for your external call center activities? _____$M/year

28. a) What percentage of your present call center services do you expect to outsource in 2 years time? _____ %

b) Why?

_____

_____

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29. What are the principal criteria you would use to select call center service providers?

30. Which call center service providers are you most likely to evaluate?

31. Which vendors do you believe are best positioned to operate your call center or provide call center based-services? *(please indicate if you use or know them and rate their capabilities on a scale of 1 to 5, where 1 = poor, to 5 = extremely capable)*

Interviewer PLEASE ROTATE when needing to read out list

	Use or have used Y/N	Only know Y/N	Unknown Y/N	Capabilities (1-5)
Andersen				
AT&T Solutions				
BT				
Call Center People				
Cap Gemini				
CSC				
EDS				
Digital				
FI Group				
HP				
IBM				
Merchants				
Sema Group				
Siemens				
Vertex				
Other *(please define)*				

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SECTION E - Call Center Metrics

32. Do you currently use metrics to evaluate the effectiveness and efficiency of your call center? If so, which? *(evaluate the metrics in the appropriate unit - calls, minutes, etc.)*

Interviewer PLEASE ROTATE when needing to read out list

	In-house Services Provision	External Services Provision
Volume of ingoing calls - Rate per day - Rate per person		
Volume of outgoing calls - Rate per day - Rate per person		
% of calls transferred/outsourced		
Average time allocated per call		
Average response time		
Average cost per call		
Other (s) *(please define)*		

Thank you very much for your time and assistance with this questionnaire

INPUT will forward to you a complete document including the executive overview of the survey and a Buyers' Guide presenting you call center solutions offerings of all vendors sponsoring INPUT's research.

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